BRITISH INDIA

AND

ITS RULERS.

BY

H. S. CUNNINGHAM, M.A.

ONE OF THE JUDGES OF THE HIGH COURT OF CALCUTTA, AND LATE MEMBER OF THE FAMINE COMMISSION.

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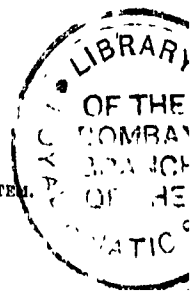

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I have to express my obligations to Mr. J. Johnson, of the India Office, who has assisted me in the statistical portions of the work, and has superintended its passage through the Press. To his carefulness any pretensions to accuracy which it may possess are largely owing.

H. S. C.

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CORRIGENDA.

p. 129, line 15, *for* "Rs." *read* "£."

p. 134, line 17, *for* "reason" *read* "season."

pp. 163 and 171, margin, *for* "T. Caird" *read* "J. Caird, C.B."

p. 174, line 4, *for* "unprofitable" *read* "impossible."

BRITISH INDIA AND ITS RULERS.

CHAPTER I.

The authorities to which reference is made in this chapter are—

S.A. Statistical Abstract relating to British India, 1880.
R. Report of the Indian Famine Commission, 1880.
C.N. Kolb's "Condition of Nations."
A.S. Adam Smith's "Wealth of Nations," *Maculloch*, 1863.

THE COUNTRY AND THE PEOPLE.

THE object of the following studies is to contribute material, in a form easy of access and simple in arrangement, for the practical discussion of some of the principal administrative and social problems involved in the government of British India. The improvement which has been effected of late years in the statistics and knowledge of the country renders it more possible than heretofore to form an approximately accurate idea of the facts out of which those problems arise; and the results which are collated and summarized in the Report of the Famine Commission appear to supply a sufficient basis for more exact reasoning and more definite

conclusions than those which were within our reach while our views about the people were necessarily to a large extent conjectural. The statistics employed are for the most part those of the Famine Commission Report. As reference is made in each case to the passage in the Report or the other authority on which reliance is placed, I hope that, whatever may be the value of my conclusions, the information may be of use to those who wish to know and judge for themselves of the real condition of India and of the work which is being accomplished by its rulers.

The ensuing pages will, I fear, be found extremely dull by readers accustomed to a sensational treatment of Indian topics. I appeal to no passion, I pretend to no discovery, I suggest no root-and-branch reform which by its rapidity and completeness may gratify at once the natural impatience of human suffering and the equally natural impatience of the diligent research and consideration by which alone it can be remedied. I do not believe that it lies within the scope of statesmanship to achieve that a population of between 200 and 300 millions, situated as are the people of India, shall exist without a vast amount of suffering, or that any panacea can be discovered for the maladies which are certain to beset it. The remedy must be found, as in the case of other ills, in knowledge, patience, and skill. The improvements suggested by reformers, who have not mastered the facts of the case, or grasped the end

in view, cannot but be illusory, and are often in a high degree mischievous. The agitation, for instance, which for some years has been directed against the Productive Public Works by persons ignorant of the real position and results of those undertakings, would, if it had succeeded, have indefinitely postponed the effectual alleviation of the sufferings of millions; and even as it is, the delay which has been occasioned will involve large additional outlay and an unnecessarily prolonged exposure of large tracts of country to drought and famine. The same sentence must be pronounced on many projects of reform put forward by writers who have not studied the past history of the country, and who do not realize the complicated structure of the organism with which they are dealing, or the obscure processes by which its present stage of development has been attained. In the following pages I have endeavoured to direct attention to those improvements which bear the warrant of sagacious and experienced administrators as possible, safe, and likely to be practically useful.

The principal facts bearing on the economic condition of the people of India, and the administrative questions involved in the government of the country and discussed in the following pages, may be summarized as follows:—

The territories of the Indian Government comprise an area of 853,000 square miles, with a

population of 184 millions. Two States, Mysore and Berar, which are, for different reasons, held in trust for Native Governments and governed as British territory, add an area of 47,000 square miles, and a population of about 7 millions. The area, accordingly, for which direct administration has to be provided is 900,000 square miles, with a population of 191 millions.

Territory. S.A. 6.

In addition to this, indirect control is exercised over a large number of native States, in some instances through the immediate superintendence of the Government of India, in others by that of the local Government to which they are contiguous. The area thus superintended is about 575,000 square miles, with a population estimated at 49 millions. Of these the Government of India has under its immediate superintendence States with an aggregate population of 29½ millions: the States superintended by the Punjab Government have a population of 5½ millions, those attached to Bombay and Madras 7 and 3¼ millions respectively. Bengal superintends native States with populations aggregating 2½ millions, the Central Provinces a million.

The above, with the French and Portuguese possessions, aggregating 1200 square miles, and a population of three-quarters of a million, make up the 1,481,000 square miles of area, and the 241 millions of the population of India. Speaking generally, it may be said that the Government of India has to provide direct administration for 191

millions, who are permanently or temporarily its subjects, and indirect control for 50 millions of the subjects of more or less dependent States.

Population.

Of the populations immediately under our rule, Bengal has an area about the same as that of France, 200,000 square miles, but its population is 65 millions against the 37 millions of France, and falls short only by 9 millions of that of European Russia; Madras has an area of 140,000 square miles, one-sixth greater than that of Great Britain and Ireland, but its population is 3 millions less; the North-West Provinces with Oudh, and the Punjab, have each an area of 105,000 square miles, about half the size of France, but the population of the one, 42 millions, equals that of Germany, and of the other, 17 millions, that of Spain. Bombay with Scinde has a population about the same as Spain, and an area rather larger than that of the United Kingdom. The Central Provinces have an area of about two-thirds, with a population of about a quarter of that of the United Kingdom.

As compared with one another, the population of Bengal is twice that of Madras, four times that of Bombay with Sindh, half as large again as the North-Western Provinces with Oudh, and about four times that of the Punjab.

Employments. R. 87.

By far the largest proportion of the inhabitants is agricultural, either living exclusively by the soil, or eking out the earnings of other employments by the produce of the land they till, or as agricultural labourers.

The following is an estimate of the different employments of the adult male population:

Employment.	Per cent.	Estimated Number of Adult Males.
Professional, including Government service	3·6	2,232,000
Domestic	6·2	3,844,000
Agricultural	56·2	34,844,000
Commercial	5·2	3,224,000
Industrial	13·1	8,122,000
Labourers	12·3	7,626,000
Independent and non-productive	3·4	2,108,000
	100	62,000,000

In addition to the 34¾ millions of adult males returned as agricultural, there are large numbers of women and children similarly employed; and the 7½ millions of labourers are almost wholly agricultural. On the whole, it is probable that 90 per cent. of the rural and 80 per cent. of the total population of the country is closely connected with the land. The significance of this great excess of the agricultural class over every other is brought out by comparing it with the state of things in England, where in 1871 the population was thus divided:—

C.N. 11.

Professional	684,000.
Domestic	5,905,000.
Commercial	815,000.
Agricultural	1,657,000.
Industrial	5,137,000.
Indefinite (including 7½ million children not employed in productive occupations)	8,512,000.

Returning to the Indian Table, we find that of the 3½ millions of adult males in the "commercial" class, 2½ millions are returned as "mer-

chants and shopkeepers"; a quarter of a million as "money lenders and bankers." Of the industrial classes, the workers in dress fabrics number 3¼ millions of adult males; workers in metals and potters, 1½ million. In the "non-productive" class, a million "beggars or paupers" represent the numbers dependent in ordinary times on the charity of the public. These three classes, potters, weavers, and beggars, with the labourers, are the most necessitous, and are the first to succumb to famine. They number 13 millions of adult males and represent a population of 40 millions, or about one-fifth of the entire population. The next class above these is that of the small tenants, whose general condition and capacity to bear the strain of famine is little superior to that of the labourers.

Density of Population.

The population is, as a rule, extremely dense. The ratio to area taken over the entire country is 211 to the square mile, and somewhat less than one person to each cultivated acre.* In some parts, however, the ratio is far higher, 468 to the square mile in Oudh, 397 in Bengal, and 378 in the North-West Provinces. But even these ratios, high as they are, would be higher but for the existence in each Province of large areas of mountain or desert. In each Province there are districts

R. 86.

* In Ireland there is a population of 5½ millions on an area of 15½ millions of acres—12½ millions pasture, and 3 millions crops. The Indian ratio approaches that of the United Kingdom, 34½ millions of people to 47½ millions of acres under crops or pasture.

with more than 500 inhabitants to the square mile.

Of the rate of increase sufficient materials do not exist for forming a trustworthy opinion. In two instances in which a census was held, at an interval of five years in the one case and seven in the other, an increase of one-third per cent. and one-half per cent. was ascertained. In other instances, where exceptional causes were at work, a much larger local increase is believed to have resulted. Two things, however, are certain. On the one hand, there are powerful social and religious influences at work prompting in the direction of early marriages, and counteracting the prudential check on the increase of population; though there is no evidence to show whether the race is more or less prolific in consequence of the habits thus produced.

Rate of increase of Population. R. 88.

On the other hand, destructive agencies of a very powerful character, acting over very wide areas, are constantly at work. The death-rate for the whole country is pronounced by experts to be certainly not less than 35 per mille, and in many towns it has been known to be as high as 70, 80, or even 100 per mille. The outbreak of an epidemic has been known to send the annual death-rate of a whole district up from 40 per mille to 118 per mille, and the death-rate of a whole Province for the year from 23 to 45 per mille, involving an in-

Death-rate. R. 89 and 108.

Epidemics. R. 29.

creased mortality of 924,000 on a population of 42 millions. Cholera and small-pox are frequently, and fever almost continually at work.

Famines, too, have no doubt exercised some effect on the increase of the population. The famine of 1876-78, according to the estimate of the Commission, increased the normal deaths of the entire country for the period of its duration by about 40 per cent., and it is possible that the famines of the last 30 years may have added nearly 2 per cent. to the death-rate of the whole period. On the other hand, I am not aware that there are any means of judging how far in India the facts bear out the view of Malthus, that the consequent rebound in the birth-rate prevents this cause from permanently affecting the population.

Famines. R. 28.

As, however, the human race is capable, in favourable circumstances, of increasing at a rate which doubles a population in 25 years, we must be prepared, whenever the circumstances become in any degree favourable, owing to an increase in the means of subsistence or the diminution of destructive agencies, to find a material addition to the existing numbers. Supposing, for instance, that owing to the curtailment of epidemics, the present death-rate of 35 per mille were reduced to 25 per mille, there would be 5 millions of deaths instead of 7 millions in every year, a

A. S. 456.

R. 108.

saving which, as the same causes would probably induce increased fecundity, would speedily make a sensible impression on the total population. The experience of the army and jails where the mortality has been reduced to a much greater extent, suggests that these two millions of deaths arise from causes that are, in one sense, preventible—bad and insufficient food, and generally unsanitary conditions of life. As some of these conditions are being year by year improved, and some destructive agencies, *e.g.* the devastation of provinces by invasion or intertribal war, have been wholly removed, it is almost inevitable that there should be hereafter an increase of population and increased pressure on the means of subsistence, which will have to be met in one of two ways, either by some corresponding increase in the means of subsistence or by those stern remedies—"want, misery, and disease," which nature applies to a redundant population.

Food. R. 81.

The people live almost exclusively on the local staple grains: in Bengal, Orissa, and the eastern parts of central India, rice is the staple: out of 66 millions in Bengal and Assam, 46 millions are rice-eaters; in Madras 10 millions out of 31. This proportion declines elsewhere to 10 per cent. in the North-West, and 5 per cent. in the Punjab. In the parts of the country where rice is not the staple food, the poorer classes live on various millets, grown in the rainy season,

and the richer on rice and wheat. All classes make use of pulses for the sake of the nitrogenous matter in which the cereal grains are deficient. Vegetables, and with the poorest classes wild herbs and weeds, form an important part of the national diet. Mohammadans generally supplement their vegetable food with small quantities of meat, and the lower classes of Hindus eat flesh other than that of horned cattle, wherever opportunity offers. Fish also is a favourite food on the coasts and in other favourable localities. The main food, however, of the people, consists of the cereal crops, the existence of which depends on the sufficiency and timeliness of the rainfall.

R. 80.

Cultivated and Irrigated Area.

The total cultivated area is 197 millions of acres. Of this, 29 millions, or nearly 15 per cent., are irrigated, the proportion varying from 80 per cent. in Sindh to 32 per cent. in the North-West Provinces with Oudh, 26·2 in the Punjab, 5 per cent. in the Central Provinces, 1·8 in Bengal and Bombay, and 1·5 in Berar. Of the irrigated area 8 millions are irrigated by the higher class of works, 12 millions by wells, and the balance by tanks, ponds, inundation, streams, some of which are highly precarious sources of supply.

Proportion in each Province. R. 86.

The distribution of the cultivated and irrigated area among the different provinces is shown in the following table.

Province.	Area ordinarily cultivated.	Area ordinarily irrigated.	Per-centage of irrigation to cultivation.
	* Acres.	* Acres.	
Punjab	21,000	5,500	26·2
North-Western Provinces and Oudh	36,000	11,500	32·
Bengal	54,500	1,000	1·8
Central Provinces	15,500	770	5·
Berar	6,500	100	1·5
Bombay	24,500	450	1·8
Sindh	2,250	1,800	80·
Madras	32,000	7,300	23·
Mysore	5,000	800	16·
Total	197,250	29,220	14·8

* 000's omitted.

Comparison with United Kingdom.

This area may be compared with 47½ million acres, which comprise the total acreage under crops, bare fallows and permanent pasture in the United Kingdom, 10¾ millions of which are under corn crops, 4¾ millions under green crops, 6½ millions under clover and rotation grasses, and 24½ millions under permanent pasture.

Permanent pasture and rotation grasses form no part of the Indian agricultural system, the forage being supplied from pasturage on waste lands, and the straw of the corn crops.

The total cultivated area of British India is thus more than four times the total area under tillage or pasture in the United Kingdom, and the estimated area of food crops in India, 170 millions of acres, is about sixteen times the corn crop area of the United Kingdom.

Droughts, & Famines. R. 25.

The character of the climate is such that failures of rainfall, involving more or less complete destruction of the crops,

occur in some part of the country or other in about two out of every nine years. As one-twelfth of the population, or 20 millions, are on the average affected on each occasion, the result may be approximately described as equivalent to a famine extending over the entire country twice in a little more than a century. Of the twenty-one visitations of this nature which have occurred in the last 110 years, eight have been intense, nine less acute, while four do not rank above severe scarcities. Excluding Bengal, where the average intervals are far longer, each of the other provinces is visited by severe famine every eleven or twelve years. Famines of the severest type may be expected about twice in a century. The famine of 1876–78, on the whole the most serious of the century, extended in 1877 to an area of 200,000 square miles, with a population of 36 millions, corresponding in both respects pretty nearly to France; while in 1878 its effects were felt, though in a less intense degree, over another area of 52,000 square miles, with a population of 22 millions, in Upper India. Judging from this famine, the Commissioners estimate a population of 30 millions as the largest ever likely to be simultaneously affected with severe famine.

Rate of Agricultural Out-turn. R. 72-5.

The average out-turn of food grains is estimated in the Punjab, over the cultivated total area, at eleven bushels per acre, and sixteen bushels on the irrigated acre. In the North-West Provinces the

average out-turn of food grains is estimated to be thirteen bushels per acre; in Bengal the out-turn is believed to be about the same; in the Central Provinces the out-turn is reckoned at eight bushels per acre; in Berar six bushels; in Bombay, in which the range is very large from the fertile plains of Gujerat to the bare and often rainless highlands of the Deccan, the average may be put at seven bushels. In Madras and Mysore the rate is believed to be about eleven bushels. Applying these rates to the 166¼ millions of food-crop acres, and the 27½ millions of acres under non-food crops, we get the following results:

Estimate of the Agricultural Out-turn in each Province, the gross value, the consumption in food, seed grain, forage and wastage, and the resulting surplus of food grain available for exportation and storage.

[R. 50 & 112.] 000's omitted.

Province.	Population.	Food Crop Area.	Out-turn of Food.	Area under Non-food Crop.	Value at £5 per ton for Food, and £3 per acre for Non-food Crops.	Ordinary Consumption.	Surplus.
		Acres.	Tons.	Acres.	£	Tons.	Tons.
Punjab . . .	17,600	18,500	5,330	2,500	34,150	4,710	620
N. W. Provinces and Oudh.	41,000	31,450	11,230	5,200	71,750	10,570	660
Bengal . . .	60,000	48,000	17,100	6,080	103,500	15,900	1,200
Central Provinces .	8,200	12,000	2,750	2,500	21,250	2,450	300
Berar . . .	2,250	3,700	620	2,800	11,500	540	80
Bombay . .	16,000	21,500	4,500	5,500	39,000	4,150	350
Madras . .	31,000	26,000	8,500	2,500	50,000	7,560	940
Mysore . . .	5,000	5,100	1,500	500	—	1,285	215
Burmah . .	—	—	—	—	—	—	800
Total . .	181,350	166,250	51,530	27,580	331,150	47,165	5,165

From this it would appear that, assuming the food-crop of Burmah and Assam to be 2½ millions

of tons, the total food out-turn must be about 54 millions of tons, and the annual surplus of food about 5 million tons. In the famine of 1876-77, affecting a population of 36 millions, the crops are computed to have fallen short of the average out-turn by 6 millions of tons, and of the amount necessary for the food, at the ordinary rates of consumption, of the populations affected, by nearly 5 millions. This crop loss was spread more or less over three years; but it may be said roughly that the famine swept away nearly one ninth part of the food-produce of one ordinary year. The usual export of grain is something between 1 million and 1¼ million of tons, rice being about 1 million, and wheat ranging between 50,000 and 325,000 tons. There would appear, therefore, in ordinary years to be about 4 millions of tons of food grain available for storage: but it must be remembered that there is seldom or never a year when there is not a crop failure in some part or other. The out-turn shown above does not, of course, represent the whole of the produce of the country. Straw and fodder, fish, eggs, poultry, cattle, milk, hides, horses, dairy and forest produce, add enormously to the resources of the agricultural population, though the proportions contributed by each would vary in the different parts of the country. In the Punjab a very experienced authority, Mr. Justice T. H. Thornton, in an

R. 51.

S. A. 69.

Other agricultural produce.

elaborate calculation,* has estimated the annual value of the stock, dairy and forest produce of the Province, as worth not less than 12 millions sterling. This would imply an addition of more than a third to the gross value of the crops, and, if the same ratio were applicable to the rest of the country, would add more than a hundred millions to the value of the gross agricultural out-turn.

Lowness of present yield-rate.

All the above yield-rates are, it will be observed, extremely low as compared with countries where scientific agriculture exists, and a vast future resource is here apparent. Assuming the present average yield in India to be about 11 bushels per acre, or 17 bushels per acre below that of England, the additional food available, supposing the standard of cultivation to be raised to that of England, would be 2,890 millions of bushels, or enough, at seven bushels per head, for the annual consumption of an additional population of 410 millions.

Available waste lands. R. 76.

Most villages in every part of India have some waste land used for grazing cattle, and which are from time to time utilized for cultivation. In some Provinces there are, besides these, considerable tracts of unoccupied land, available for immigrant settlers. In the Punjab 30,000 square miles are returned as cultivable waste, of which 9 or 10 millions of acres are

* *Is India really on the road to Bankruptcy?* by T. H. Thornton.

situate in the Doabs of the great rivers, with special facilities for irrigation, and in fact needing nothing but a population to justify the undertaking of large irrigation schemes. Similar tracts are available in Scinde to the west and in the plains of Hissar to the east. In the North-West Provinces there is no room for any large extension of the cultivated area beyond the 51,000 square miles now cultivated, such small margin of cultivable waste as exists either belonging to the villages, or being situated unfavourably as to soil, climate or rainfall. In Bengal 85,000 miles, out of an area of 144,000, are estimated as under cultivation; but the margin, to a large extent, is either mountainous country or unhealthy jungle, or soil which it would be difficult and costly to reclaim. In Behar and Central Bengal it may be said that no cultivable margin exists. In Assam and Burmah, however, there is a great scope for additional cultivation. In the former Province only 7,500 square miles are cultivated, and 18,000 believed to be cultivable waste; in the latter, out of a total area of 87,000 square miles, only 5,000 are cultivated and 37,000 believed to be cultivable waste. In these two Provinces there is, accordingly, an area (55,000 square miles) five times as large as Belgium, in which a redundant population might be accommodated. Another and more accessible field for immigration exists in the Central Provinces, where, out of a total area of 114,000 square miles, 30,000 are cultivated, and 40,000 believed to be cultivable.

In Bombay there is no considerable tract available for immigration, though there is room for a gradually expanding population: 50,000 square miles constitute the revenue-paying portion of the Presidency out of a total of 70,000; of these 38,000 are cultivable, and 35,000 occupied, though only 30,000 are in actual cultivation. In Madras, 50,000 square miles out of a total area of 130,000, belong to the permanently-settled zemindaris, and nothing accurate is known about them. Of the other portion of the Province 35,000 square miles are cultivated, and 10,000 square miles believed to be cultivable, though, in many cases, inferior in quality of soil.

To sum up, it may be said that there are certain districts in Bengal, the North-West Provinces, Oudh, and in one or two instances in the Punjab, where the population may be regarded as excessive, and where there is no room for any expansion except by superior cultivation. In the rest of the empire there is, as a rule, some room for expansion in the reclamation of the village waste lands, though this will interfere with the grazing, and would necessitate stall-feeding if carried to any large extent. In Assam and Burma there is a great scope, so far as area is concerned, for immigration, and, nearer home, in the Punjab and Central Provinces, there are tracts of country in which a population might be settled with little necessary change of climate, food, or mode of life. In Bengal and Madras there are

Summary. R. 77.

available tracts, though not of so inviting a character either as to soil or climate.

How the land is held. R. 110 to 123.

We have next to consider the numbers of the various classes interested, as landlords or tenants, in the soil. In Bengal, the greater portion of the land is held by 130,000 landowners, who hold the land of Government conditionally on payment of a fixed revenue. Their rental is returned at £13,000,000.

Bengal.

Under these come a large class of intermediary landlords, enjoying various subordinate interests in the soil, and sometimes extending through a long chain of holders. Of these intermediary estates there are 724,000; of the whole number, more than 620,000 are of a rental below £10.

Below this great superstructure of proprietary or quasi-proprietary interest, comes the ryot class, the actual occupants and tillers of the soil, numbering nearly ten million holdings :—

Tenants paying	Rupees.	
rent over	100	25,241
Ditto from	50 to 100	119,617
Ditto	20 to 50	682,353
Ditto	5 to 20	2,789,409
Ditto under	5	6,136,264
Total		9,752,884

Occupancy rights.

Of these a proportion, the numbers of which are not ascertained, enjoy certain privileges as to fixity of tenure and limit of rent,

which exist, in one form or another, in every part of India, and are described generally as "occupancy rights."

Punjab. R. 115.

In the Punjab 48¼ millions of acres, or 90 per cent. of the area, are held by 33,000 village communities; 2½ millions of acres, or 5 per cent., by 1,700 large proprietors, and 1¼ million by grantees of Government. Under these various proprietors, 10 millions of acres, or 44 per cent. of the cultivated acreage, are held by tenants who number about 1¾ millions. Of these, 30 per cent. have occupancy rights, and hold 5 to 8 acres; more than a million are tenants at will.

North-Western Provinces. R. 116.

In the North-West Provinces 90 per cent. of the total area is held by village communities, 3 per cent. by large proprietors. Under these come a large class of tenants, 41 per cent. of the cultivated area being held by 1½ millions of occupancy tenants, with holdings averaging 5 acres. Tenants at will, numbering 1,200,000, with holdings averaging 4 acres, occupy 31 per cent. of the cultivated area; only 28 per cent. of the cultivated area, accordingly, is occupied by the actual proprietors.

Oudh. R. 116.

In Oudh the landlord class is far more predominant; the large proprietors occupy 59 per cent. of the total area, and the village communities only 36 per cent. There are two million tenants, all of whom, with an insignificant exception, are tenants at will, and hold on an average about 3 acres.

In the Central Provinces, with 15½ millions of cultivated acres, there are 28,000 proprietary families, the representatives for the most part, of the founders of the village, or recognized as such by the British Government. Under these are various classes of tenants: first a small body of old and privileged holders, about 15,000 in number, with rights little short of proprietorship; next, a class of 150,000 occupancy tenants, with assured rights, and with holdings averaging nearly 20 acres; then comes a class of occupancy tenants, numbering 121,000, whose privileges are less secure, and whose holdings average about 15 acres; the last and largest class is that of the tenants at will, 469,000 in number, with holdings, on the average, of 14 acres.

Central Provinces. R. 116.

In the rest of India, two-thirds of Madras, and in the Bombay Presidency the holdings are for the most part direct from Government, and landlordism is the exception instead of the rule. There is, however, an important part of the Madras Presidency, 50,000 square miles, which was permanently settled on the Bengal system, and where, accordingly, large proprietors, subject to a fixed revenue, are practically owners of the soil. Of the tenants on these estates little is known, except that their position is extremely precarious, and that circumstances have led to their being in risk of sinking to tenants at will.

Landlords in Madras. R. 123.

In those parts of the Madras Presidency where

Madras. R. 111. the Permanent Settlement is not in force, the 2½ millions of occupants who hold direct of Government are thus distributed :—

Government Ryots.	Number.	Average Assessment.
		Rs.
Paying over Rs. 1,000	401	1,557
„ „ 500 to Rs. 1,000	1,399	676
„ „ 250 „ 500	5,288	332
„ „ 100 „ 250	31,737	142
„ „ 50 „ 100	79,085	68
„ „ 30 „ 50	121,553	37
„ „ 10 „ 30	455,716	17
Paying under Rs. 10	1,251,750	4
Joint Tenancies	445,135	17
Total	2,392,064	16

Bombay. R. 122. In Bombay there is no class of large proprietors corresponding to the zemindars of Bengal and Madras: there are 1⅓ million of occupants holding under Government, distributed in the following proportions :—

Government Holdings.	Number.
Holding over 1,000 acres	233
„ 500 to 1,000 acres	530
„ 200 „ 500 „	4,872
„ 100 „ 200 „	23,242
„ 50 „ 100 „	86,906
„ 20 „ 50 „	266,398
„ 10 „ 20 „	249,096
„ 5 „ 10 „	232,329
Holding under 5 acres	505,071
Total	1,367,622

Agricultural Classes. Large Landowners. R. 110 to 123. It thus appears that there is in each province of India a class of landowners, comparatively few in number, who occupy a dignified social position, enjoy, as a rule,

comparative affluence, and, in some instances, are the possessors of enormous incomes. Almost the entire Province of Bengal is thus held. Two of the greatest Bengal zemindars have incomes of £210,000 and £400,000. In the Punjab 1,700 large zemindars hold five per cent. of the total area; the corresponding class hold fifty-nine per cent. of the land in Oudh, and three per cent. in the North-West Provinces. In the Central Provinces there are 28,000 proprietary families who represent the landed gentry; in Madras a third of the province is held by zemindars, who are the possessors of large territorial areas. In Bombay also there is a small landlord class.

Smaller Interests.

Below these come a vast mass of smaller interests in the soil; occupants who hold direct of the State, as the village communities of the Punjab and North-West Provinces, and the ryots of Madras and Bombay, or who are tenants of a landlord as in Bengal and Oudh. Of these the majority are on a very small scale; 1¼ millions of ryots in Madras, more than half the entire number, pay an average revenue of eight shillings. In Bombay more than half the entire number hold less than ten acres. In Bengal a corresponding class of tenants, with rents at less that ten shillings, numbers more than six millions; in the Punjab and North-West Provinces, too, there are large bodies of tenants with holdings averaging five or six acres. In Oudh the average is three acres.

Condition of the Agricultural Classes.

A great mass of evidence has been taken as to the general condition of these classes, and, amid much that is vague and obscure, one or two points may be regarded as established.

Local Differences. Note by J. B. Peile, § 6.

One is that in several parts of India agriculturists may be regarded as substantially prosperous. The irrigated villages of the Punjab and the North-West Provinces, the well-watered and fertile tracts of East Bengal, the cotton districts of Berar and the Central Provinces, the rich deltas of the Cáveri, Kistna, and Godavery, and the rice plains of Burma, are exempted, either by natural causes or artificial means, from the risk of drought, and the agriculturists, on the whole, are well-to-do.

On the other hand, where the climate is less propitious or the social relations are adverse, the general condition is unsatisfactory. The tenantry of Behar, for instance, is admittedly a resourceless and poverty-stricken class, a condition of things attributed by many good authorities to oppressions on the part of the landlords and the middlemen to whom their rights are often assigned: in the southern tracts of the North-West Provinces there is exceptional distress, and the Bombay Deccan has become historical on account of an agricultural depression intense enough to result in a popular outbreak.

Apart from these local differences the general

condition of the Indian agriculturist varies, to a large extent, with the circumstances of each individual. His personal wants are few: his food, when prices are at their normal rate and when he can afford a full meal, costs him from 2*d.* to 3*d.* a day;* his clothes from 4*s.* to 10*s.* a year; his property consists of his house, his cooking utensils, his cattle and ploughs, and, in the case of the well-to-do cultivator, a store of grain and the jewellery in which his cash savings are invested against the evil hour. Innumerable instances in which the details of his life have been collected and tabulated, establish nothing further than that the varying conditions of soil, climate, tenure, and the character of the cultivator result in a corresponding variety of condition, from a solid competence to the extremest forms of poverty. A large fraction is indebted to the moneylender, who, as each new concession of the Government in the revenue assessment has given the cultivator a more valuable interest in the soil, has been more ready to accept that interest as security for the advances, of which the less substantial members of the community are constantly in need.† Oftentimes the excessive numbers

The Indian Peasant.

* Mr. Thornton mentions that in the Punjab, where food is cheap, the jail diet—which is liberal, approved after years of experience, as sufficient to maintain the hardest labouring prisoners in health, so that in nine jails out of ten the death-rate is less than that of London—costs the Government less than £2 per annum, and would cost the agricultural population about 35*s.* per head for adult males, and one-fifth less for women and half for children.

The Bankruptcy of India, p. 8.

† An analogous result appears to have resulted in Ireland from the concession of a marketable interest to the tenants under the Irish Land Act

to be provided for on small holdings, indicate a state of things which can be but little above extreme poverty: 14,000,000 of tenants in Bengal and Upper India occupy holdings which range from 3 to 6 acres. In the North-Western Provinces, families aggregating 820 people were found living on 330 acres.

Mr. Peile's Note, § 15.

It is probable, moreover, that in some respects the course of events, and the various changes introduced under British rule may have had the result of making the struggle of life more acute and more desperate to particular classes than in former times. Indigenous industries, such as weaving, salt-making, carrying by men or bullocks, have, in various instances, been ousted by superior European methods and products, and the classes concerned have no doubt suffered. The 19 or 20 millions' worth of cotton goods yearly imported must have displaced an appreciable amount of the native manufacture; while the altered and more peaceable condition of society has sent back into the civil community, and, practically, upon the land, thousands of men who formerly earned a living as soldiers of the State or retainers of the

Some classes worse off than formerly.

Dr. Birdwood's *Industrial Arts of India*, p. 139.

of 1870, in the form of a right to compensation for disturbance and improvements. This interest has frequently been pawned, to the local banks and shopkeepers, and the debt thus incurred was a serious aggravation of the distress arising from the bad harvests of 1879. The farmer was, says Mr. Ritchie, "in a worse position than before 1870, when his inability to borrow protected him against debt."

Ritchie's *Irish Land Laws*, p. 99.

powerful chieftains. This cause is mentioned as contributing to the depression of the Oudh Rajpoots.

Isolation of modern life.

The growth of individual right, again, may have contributed to make life harder to some classes by loosening the bonds which united the various component fractions of society into a homogeneous whole. Each class is more independent of each other, every aggregate is less closely combined, every individual more apt to disencumber himself of customary restrictions, and consequently to find himself without the customary support which social association, in some form or other, used to give him. The servant is no longer an hereditary serf, but then he loses the occasional benefits of serfdom: the tenant is more and more exempt from any obligations to his landlord other than those contained in his lease; but, then, on the other hand, the landlord is more and more disposed to view the relationship between his tenant and himself as purely one of contract, and to drive the best bargain he can.

It has been remarked of Europe that "when every count and baron acted as an independent prince, and claimed the right of private war, among the endless evils of such a state of things, there was one countervailing good. The lord could not venture to oppress greatly men whom he expected to follow him to battle. When the days of greater peace and order came, the hand of the lord, who

was no longer a captain, came down far more heavily on subjects who were no longer his soldiers." This, no doubt, must be applicable to India; while the increasing numbers dependent on the soil render it far less necessary than of old for the landlord to consult the interests and wishes of those who till his land.

As regards the landowners, however, one satis-
Sales of Land. factory indication of their prosperity is
R. 126. afforded by the high and increasing prices which land commands in every part of India, and by the continued tendency of these prices to advance. In the Punjab land, during
R. 125. the Sikh *régime*, cannot be said to have had any value at all except to the State, and even in 1862 it was a topic of congratulation that it commanded seven years purchase of the Government revenue; its average price for the last three years has been 27 years' purchase. In the North-West Provinces the price per acre is still higher: in Bengal land fetches from £4 to £15 per acre: in Madras the minimum for unirrigated land is 28*s*., and the maximum £10 8*s*. while for irrigated lands the prices range from £2 12*s*. to £36 per acre. These prices appear to establish conclusively the lightness of the land revenue assessment and the increasing resources of the class from which purchasers at such rates are forthcoming.

On the whole, it may be said that the great
Summary. mass of the occupants of the soil of India must be, from the smallness

of their holdings and the numbers who have to be supported on them, at the best of times hard pressed for the means of subsistence; that, in the case of a very large number in Bengal and Upper India, the hardships of their position are enhanced by the presence of a class of more or less exacting landlords, whose eagerness for an increased rental is favoured by the increased necessity of a growing population to find room on the soil: that habits of improvidence and traditional customs of occasional extravagance, not unfrequently destroy any chance there might be of a rise to greater comfort and security; that the almost universal practice of dependence on money-lenders has of late years entailed more serious consequences, owing, partly, to the larger and more assured interest in the soil, which the landowner enjoys under the British revenue settlement, and the better credit he thus obtains; and partly to the speedier, more exact, and more effectual procedure of the civil courts; that some of the conditions of modern life may have tended to enhance the difficulties of particular classes; that though there can be no doubt that a large amount of wealth is being brought into the country, the increase of population, which is likely to be accelerated, will, in years to come, make a large demand on the resources so created; and that, as no considerable outlets, other than in agricultural employment, at present exist, the pressure on the soil and the penury of the less thrifty and capable

agriculturists, is likely, in the absence of some new form of relief, to become still severer than at present.

Hard, however, as the lot of the occupants of the soil must often be, it is certain that it is not the worst: below them is another social stratum, with whom the struggle for existence is still more severe. "Everywhere," it has been said of Oudh,* "in every hamlet, there is a residuum of half-clad starvelings, who have no cattle and no means of livelihood, save, perhaps, a tiny patch of spade-tilled land, and their labour, remunerated at the rate of 4lb of coarse grain or of three halfpence, or, at most, twopence farthing per day. And even this wretched employment is not to be procurable all the year round. How—underfed and almost unclothed as they are—they contrive to live through the cold nights of winter, which they often spend in field-watching to keep off thieves, human and others, is a standing marvel." The same description would, there is much evidence to show, apply equally to the class in every part of India. It consists largely of the lowest castes, the tanner, the weaver, the sweeper, and is thus to a great degree shut off from the sympathies of the superior classes; it is recruited by the unfortunate cultivators who drop down to it in times of distress.

Labourers.

See also Mr. Peile's Note, § 21.

* Irwin's *Garden of India*.

The labourer is sometimes a sort of family serf, sometimes hired by the season or the job: he gets a wage ranging from 2*d.* to 4*d.* per day, or, in other cases, three or four shillings a month, with or without a meal. In harvest-times he gets a higher rate, sometimes 12lb or 14lb of grain per day, which enables him, with the other resources of extreme poverty, to eke out a subsistence during the rest of the year. He is generally paid in kind, and thus the advance of prices affects him but little. In parts of Bengal, it is said that he has been able to force up the rate of wage, and in the Central Provinces a similar movement is reported to be on foot; but, as a general rule, he is abjectly poor and resourceless, living from hand to mouth, and certain to sink, unless rescued by some external aid, at the first touch of additional pressure.

Passing next to matters of administration, we come to consider the arrangements made for the government of the vast population, whose general social condition we have just reviewed.

Expenditure, Army and Police.

The country is protected from foreign aggression and internal disturbance by a European army of 65,000, and a native army of about 125,000 men, a force partly necessitated by the existence in the native states of armies whose large numbers, aggregating 381,000, give them some degree of importance, despite their generally inferior discipline and equipment. Its net annual cost, irrespective of the loss by ex-

change, is 15¼ millions. Civil order is satisfac-
Parliamentary Return. No. 279. torily maintained by a Police Force of 158,000 men, whose numbers vary in the different provinces from a ratio of 1 in 2,315 of the population in Bengal to 1 in 1,169 in the Punjab, and 1 in 950 in Bombay. The cost to the Imperial revenues is about 2¼ millions. The pay and pensions of
Cost of Civil Administration. officials, the Courts of Justice, Education, the maintenance of Medical Officers and European Chaplains, the balance due or some unremunerative departments such as the Post Office, and other administrative expenses, bring up the total civil charges to 13¼ millions. The net interest charge on the ordinary public debt, that is the debt other than that incurred for productive public works,* is 3¾ millions. The ordinary public works of the country, roads, public buildings, &c., cost 4½ millions. The net loss by exchange has risen from £153,000 in 1868–69 to more than 3 millions in 1879–80. Till recently the Productive Public Works have, since 1868–69, involved an annual net revenue expenditure, for interest and maintenance, of between 1 and 2 millions; they have now, however, become a source of profit. The total net normal expenditure, military and civil, is about 42 millions.

To meet this the Government has, as everywhere the chief and in many parts of the
Revenues. country the only landlord, a net rental of between 18 and 19 millions from the

* See p. 36, *post*.

land. The land pays another 2¾ millions in the shape of various local imposts, summarized as "Provincial Rates." The sale of opium gives a net profit, varying between 6 and 8½ millions. Salt yields 7 millions net, customs duties 2 millions, stamps 3 millions. Assessed taxes, under various forms, have yielded as much as 2 millions net in 1870–71, but were dispensed with from 1873–74 to 1876–77; since their re-imposition, in the shape of a license tax on traders, in 1877–78, their maximum yield was £863,000 in 1878–79; as at present adjusted they produce a net half-million. Minor items bring up the net revenue to a total varying between 44 and 46 millions. There is thus a substantial normal surplus, liable of course to disappear under extraordinary expenditure, such as war or famine, the latter charge rising to nearly 4 millions in 1873–74, and 5½ in 1877–78. The Financial system will be examined more at length in the ensuing chapter: at present it will be sufficient to observe that under it a change of the most momentous description has been effected in the position and prospects of the country.

Ordinary Public Works.

Besides the ordinary civil administration, the maintenance of peace, public safety and order, the repression of crime, and the disposal of litigation, the Government has been engaged, especially of late years, in supplying throughout the whole of India the necessary appliances of a civilized country. Roads, courts, prisons, barracks, hospitals, have absorbed 61 millions

in the last thirteen years. In addition to this, the Government has, partly by a system of guarantee to railway shareholders, and partly out of funds supplied from ordinary revenue or borrowed under a scheme initiated in 1868, procured the investment of about 125 millions in railways, and of 20¼ millions in canals. The projects thus carried out are described as "Productive Public Works." The result has been the construction of about 9,000 miles of railway and of the irrigation by superior works of about eight millions of acres. The financial result to the Government, while these works were in construction, was necessarily a heavy charge for interest and working expenses, amounting for some years to more than two millions annually. The scheme is now so far developed that the net profits of the completed portion more than suffice to defray the interest on the entire sum embarked. During the year 1880-81 the net receipts earned by 123 millions invested in railways are estimated at 6¼ millions, or rather more than 5 per cent. The net receipts earned by 20¼ millions invested in irrigation are estimated at 1¼ million, or about 6 per cent. These returns will unquestionably improve considerably, as the uncompleted parts of the project come into work, and the people become more familiar with the advantages thus brought within their reach, both by canals and railways. In the North-Western Provinces, where the system

Productive Public Works, Railways and Canals. R. 148 & 514.

Financial Results. R. 148.

is more developed than in most parts of India, 1¾ millions of acres were irrigated in 1879-80 at a net profit on the capital employed of more than 8½ per cent.

Irrigation in N. W. P. R. 149.

The benefits conferred on the community by these works are far greater than the profit earned for the State. In 1879, 8 millions of tons of goods and 43 millions of passengers were carried by rail,—numbers which, though insignificant when compared with the 563 millions of railway passengers of the United Kingdom, have an obvious connection with the ever-increasing commercial activity of the country. The crops raised under canals in 1877-78 in the Punjab, North-West Provinces, and Madras, and, to a large extent, rescued by them from destruction, are estimated to have been worth 15 or 16 millions sterling, in several instances more than repaying in a single season the entire capital outlay on the work in question up to date.

Results to the Public.

The progress of these undertakings has been attended by a commercial development of extraordinary importance. During the continuance of the Company's monopoly the trade between India and England was altogether insignificant, "of little more importance than that between England and Jersey or the Isle of Man." The habits of the Hindus were considered as unalterable, and as precluding the hope that they would ever be large consumers of European produce.

Trade.

A. S. 573.

In 1814 the Company's Indian monopoly was withdrawn, and an immediate development of trade ensued. The China Monopoly continued for twenty years longer, when the Company was finally divested of its commercial character. Since that period the growth has been rapid and continuous, especially since the development of the railway system.

3 & 4 W. IV. c. 85.

The following table traces the increase of the Foreign Trade from about 18½ millions in 1834–39 to 122 millions in 1874–79 :—

[R. 94.] Three 0's omitted.

Quinquennial Period.	Annual Imports.			Annual Exports.			Total Foreign Trade.
	Merchandise.	Treasure.	Total.	Merchandise.	Treasure.	Total.	
	£	£	£	£	£	£	£
1834-39	4,971	2,345	7,316	11,072	251	11,323	18,639
1839-44	7,691	2,762	10,453	13,790	463	14,243	24,696
1844-49	9,136	3,073	12,209	15,675	1,321	16,996	29,205
1849-54	11,059	4,793	15,851	19,023	994	20,017	35,868
1854-59	15,577	11,275	26,852	24,925	922	25,847	52,699
1859-64	23,971	17,092	41,063	42,147	1,023	43,169	84,232
1864-69	31,697	17,618	49,315	55,863	1,802	57,665	106,980
1869-74	32,256	8,265	40,521	56,235	1,590	57,826	98,347
1874-79	38,364	9,858	48,222	60,325	2,810	63,135	111,357

The foreign trade of each year since 1874-75 has been as follows :—

Three 0's omitted.

Year.	Annual Imports.			Annual Exports.			Total Foreign Trade.
	Merchandise.	Treasure.	Total.	Merchandise.	Treasure.	Total.	
	£	£	£	£	£	£	£
1874-75	36,222	8,141	44,363	56,359	1,625	57,985	102,348
1875-76	38,892	5,301	44,192	58,091	2,200	60,292	104,484
1876-77	37,441	11,436	48,877	61,014	4,030	65,044	113,921
1877-78	41,464	17,355	58,820	65,222	2,211	67,433	126,253
1878-79	37,801	7,057	44,858	60,938	3,982	64,920	109,778
1879-80	41,173	11,655	52,827	67,211	2,035	69,246	122,073

There is also an important coasting trade, averaging about 41 millions sterling, and rising on occasion to 68 millions.

Of the Foreign Trade 61 per cent. is with the United Kingdom, 14 per cent. with China, and 5 per cent. with France. On the whole, Indian exports are about 16 millions in excess of the imports. The Indian exports to England, however, fall short by 4½ millions of the imports from England, there being 27½ millions of the one to 32 millions of the other; of the imports from England, 19 millions are cotton manufactures. In the case of other countries the exports are largely in excess: 12 millions sterling worth of opium are sent to China, with the result that the imports from that country fall short by 10 millions of the exports to it; France takes nearly 5 millions worth of merchandize, but sends back less than half a million; the Straits Settlement takes 2¾, and sends back 1¼; the United States takes 3¼ millions, and sends back only half a million. The proportion for Ceylon and Mauritius is much the same. The general excess of exports, it has frequently been explained, is the measure of the country's indebtedness, and the close connection between the two is indicated by the fact that the total excess for the 4 years 1876–77 to 1879-80, 61¼ millions, is within half a million*

Details of Foreign trade.
* R. 95.

* Secretary of State's Drafts, £61,818,373,
Excess Exports 61,266,315.

of the total of the Secretary of State's drafts for the same period, those drafts representing the annual payments which India has to make in England for interest on debt and the general expenses of administration.

Imports. R. 97.

Of the 19 millions' worth of "cotton twist and manufactures," 10½ millions' worth are "grey" piece goods. The average of 2½ millions' worth of "cotton twist" shows no tendency to increase, owing to the successful competition of the Indian mills. Of these, there are 58, with 12,000 looms and 1½ million of spindles, a feeble power, even as a beginning, to compete with the 2,579 cotton factories of England, with 63,000 power looms and 50 millions of spindles. After cotton, the principal imports are 3½ millions' worth of metals, principally iron and copper; 1½ million's worth of liquors; woollen goods and sugar each £800,000. Railway plant, silk goods, raw silk, each average three quarters of a million, and salt and apparel half a million's worth a-piece.

Indian Exports. R. 96.

Besides the 12 millions' worth of opium sent to China, India exports 11½ millions' worth of raw cotton, 8 millions' worth of grain, 5½ millions' worth of oil seeds, 3½ millions' worth of jute, 3 millions' worth of hides, 3 of indigo, 2½ of tea, 1½ of coffee, and 1 of wool. The dearth of all industrial enterprise other than agriculture is indicated by the fact that only 6½ per cent. of the exports repre-

Absence of manufactured exports. R. 97.

sent manufactured goods, 93½ being either raw produce, or articles such as opium and tea, which, though requiring manipulation, cannot be regarded as manufactures. Among the most promising fields for industrial enterprise, the Famine Commissioners indicate the manufacture and refining of sugar, the tanning of hides, the manufacture of fabrics of cotton wool and silk, the preparation of fibres and of tobacco, and the manufacture of paper, pottery, glass, soap, oils, and candles. The possibility of a rivalry with European countries in the production of iron has yet to be proved, though the raw material abounds in several parts of the country. India has also a great future resource in her coal-fields, and in the produce of her forests, as they are gradually brought under scientific management. Of the financial prospects of the gold industry it would be premature to speak.

Future Industries. R. 176.

Progress of Indian Trade.

It may be useful to compare the progress of the foreign trade of India with that of the United Kingdom:—

ANNUAL AVERAGE FOREIGN TRADE OF THE UNITED KINGDOM.

	Millions Sterling.		
	Imports.	Exports.	Total.
1816-20 . . .	32·0 ..	52·0 ..	84
1871-78 . . .	367·0 ..	279·0 ..	646
ANNUAL AVERAGE FOREIGN TRADE OF INDIA.			
1834-39 . . .	7·8 ..	11·3 ..	18·6
1879-80 . . .	52·8 ..	69·2 ..	122·0

Thus British trade increased between seven and eight fold in the sixty years from 1820 to 1880, and

the Indian trade nearly as much between the forty years from 1839 to 1880. There appears no reason to suppose that this rate of progress is likely to receive any serious check: the famine of 1876-77 was probably the severest strain that the country had ever undergone, but the Commissioners point out that "the two years of drought have not diminished in any great degree either the exporting or importing power of the country, and that the general depression of trade which has affected all other parts of the world, is hardly apparent in the India Trade Returns." Every year will add to the completeness of the Indian railway system, to the area available for commercial enterprise, and to the habits by which opportunities of profit are turned to good account; and it hardly seems rash to expect that the progress hitherto achieved will be more than maintained hereafter.

Firmness of Indian trade. R. 97.

CHAPTER II.

THE OBJECT IN VIEW.

Having now reviewed in outline the main facts with which the rulers of India have to deal, we come to the question, What are the duties of the English Government towards a dependency so situated, and what the definite objects to which its administration should tend? We may leave aside, as beyond the limits of practical politics, the endless controversy to which the successive accretions of territory have given rise, and the moral grounds on which the conduct of British soldiers and statesmen in India has been justified or condemned. There have been periods when the public feeling of England has run with passionate vehemence against a growth of empire, which was regarded as at once impolitic and unjust. But the results of a policy of determined abstention proved that it was beyond the powers of statecraft to occupy a portion of so disturbed an arena as India without being affected

Objects of British Administration.

by its commotions, and playing a part in the struggles of which it was the scene. It was inevitable that, in a chaos such as resulted from the dismemberment of the Moghul Empire, the Power with the firmer will, the stronger hand, the more ample resources, should, in the long run, find itself in the ascendancy. Opinions will differ as to the moral aspect of the several operations by which that ascendancy was obtained. Assuming, however, that the English nation has no intention of abandoning its place on the world's stage, ceasing to be one of the Great Powers, and declining to accept the duties and responsibilities which the past has bequeathed to it, the first condition of our action must be to provide for the necessary maintenance of our sway, to guard against invasion from without, and repress disorder within. The tide of conquest which has so often rolled through the Khyber Pass, and which, when the English appeared on the scene, had flowed over the country as far as Delhi, must be stayed: the wholesale lawlessness which, under the later Moghuls, intrigue, personal ambition, the rivalries of sect, race or faction, had engendered in every part of India, until the whole country was one great scramble for power or booty, must be efficiently repressed: England having undertaken the task of Empire, must be prepared to assert that other nations shall not take the sceptre out of her hands, nor her own subjects disobey it.

Maintenance of our authority.

When this has been secured, and subject to the

Our duty towards the country.

arrangements necessary for securing it, our other duties towards the inhabitants have to be considered. Several circumstances have tended to simplify this problem.

India pays no tribute.

In the first place, we have definitely abandoned the idea that the political connection of England and India can be a source of direct gain either to any public body or to the English nation. This view, which was the natural consequence of the commercial origin of our action in the country, was not soon or easily given up. On the renewal of the Charter in 1793, the English Minister explained the grounds on which a permanent increase of surplus income might for the future be expected, and even specified the mode in which the surplus was to be expended in England.* All the earlier policy of the Company and Governors-General was mainly governed by the necessity of providing an adequate return to its shareholders, who looked for their dividend just as the sharers in any other commercial investment. It was not till 1814 that the Company's Indian monopoly was taken away; nor till 3 & 4 Wm. IV. c. 85. 20 years afterwards that the last remains of its commercial character were removed. Twenty-four years later the complete recognition of our responsibilities as a Government 21 & 22 Vic. c. 106. was emphasized by the transfer of the Company's powers and obligations to the Crown.

* *See* Macculloch's *A. Smith*, p. 572.

At present India pays nothing, and is expected to pay nothing, to the ruling power. The salaries of the officials, the interest on loans, the price of stores needed for the public service, make up a heavy annual payment. But it is all for value received; and as regards a great deal of it, it would not be difficult to show that India has much the best of the bargain.* In considering the administration of the country, therefore, no other object but its welfare has to be taken into account.

Society much disintegrated.

In the next place the community on which we have to act is, in one sense, in a favourable condition for extraneous action. We find, when we look closely into the structure of Indian Society, that it is in many respects disintegrated; that the forces which hold its component parts together are weakened; and that influences which were at one time omnipotent, operate with less energy than of old. The whole country has been again and again over-run by hostile races and alien creeds, and its original beliefs, tastes, and customs have passed through the assimilating process of foreign rule. The primitive religion, which even Menu speaks of as undergoing change and deterioration, has given way in every direction before the necessities of later times and more complicated forms of life: Mahommedans and Hindus, living peaceably side by side, have borrowed each other's customs and, sometimes, ideas. The "family" is no longer the one

* *See* Macullooh's *A. Smith*, Note xx.

great central fact of life to the enterprising Hindu: he separates from it without scruple, and makes a fortune for himself. The village elders, in their little tribunal, no longer exercise unquestioned sway; in Bengal the village headman is scarcely traceable. Caste, though still a powerful influence, has constantly to waive its claims before some innovation. The Hindu, for a century past, has been born into a world of change, and views with passive acquiescence the rising tide sweeping about the walls of his sacred places. There are fanatics, and even fanatical classes; but fanaticism assuredly is not, with the great body of the people, the fashionable temperament.

Another simplification of the task of government arises from the fact that, from historical causes, the Government is exempted from any responsibility for the religions of the country. The Queen's Proclamation, at the time of the transfer of the government to the Crown, lays down an explicit rule of non-interference on our part and of religious equality among the professors of the different creeds; and the accepted position, both under the Company and the Government, has been that our influence as a ruling power is in no way to be employed as an instrument of proselytism, or otherwise to attack the prevailing creeds. We are committed, accordingly, to a policy of religious indifferentism; the only interference with religion being when the rules of a creed conflict with the general principle

No interference with religion.

of religious equality, or in cases, like suttee, where humanity and morality were obviously and violently outraged, and where public native opinion readily condones the interference.

This complete separation from religious questions restricts the sphere of our action in a direction in which it might otherwise have been difficult to prescribe the proper limit. We are surrounded by much that we know to be absurd, grotesque, mischievous and degrading; but we are pledged, as a Government, to leave it alone, except in so far as education and the growth of intelligence tends to undermine such parts of the structure as are grounded in ignorance and superstition.

Another characteristic of our position, and connected, no doubt, with those already considered, is the small extent to which the non-official part of society assists in the work of administration. Let any one consider the active share taken by Englishmen, not only in legislation but in the daily carrying on of the various transactions which constitute public life—the innumerable associations for public purposes, from the volunteer army downwards—the great bodies of gentlemen who, in the country, as magistrates assist in local government, in carrying out improvements in maintaining order, and administering the law—the large degree in which every public undertaking depends on the gratuitous services of volunteers—and then realize the position of a Government in which this in-

Little share taken by the public in the work of administration.

valuable assistance is wholly wanting, and where everything has to be initiated, developed, and carried through by its own agency, unaided by any co-operation on the part of the public. There have been, of course, instances of great capacity shown both by Hindu and Mahommedan for certain forms of administration, and even self-government. The Mahommedan sovereigns had able ministers and an efficient official staff, and the village Punchayet is evidence of a spontaneous tendency to self-government: but all this fell infinitely short of the vigorous eagerness of Englishmen to share in administering any part of their affairs with which they have to do; and efforts to associate the people with officials in the discharge of public business have not been particularly successful. It has frequently been a matter of difficulty to find native gentlemen of position competent to serve in the Governor General's Legislative Council, and willing to incur the small inconveniences which such an honour necessarily involves. Municipal government has been established in all the principal towns and in a large number of rural circles; but the real business is to a very large extent done by officials; nor do the upper classes feel any responsibility for the condition of the country. Last year the Commissioner of a great district had occasion to inform the assembled gentry that it had been discovered that a system of torture by the police had for some time prevailed, of which the landowners had been perfectly cognizant, but which no

one of them had been at the trouble of bringing to the notice of the authorities. Part of this quiescence, or, as we should say, "want of public spirit," is due to our position as alien conquerors, part to the feelings natural to races which have been repeatedly over-run by invaders and governed by foreigners, part to the absence of the numerous influences which in England have gone to make up the special structure of society—part, perhaps, to impatience and want of tact on the part of bustling, over-worked officials, with a clearer perception of what they want than of the way in which to invite co-operation; but the fact, however produced, is one which must be taken into account by any one who wishes to appreciate correctly the position of the Government and its opportunities for useful work.

The problem accordingly which the Government is called to solve is how, apart from any onslaught on the religious creeds, and without any active co-operation, or even lively sympathy on their part, the inhabitants of India can be so governed as most effectually to conduce to their general welfare. It is assumed that there is a "moral and material progress" at work, towards which the Government is bound to contribute, and which it watches with the attention of a responsible superintendent. Up to a certain point all is clear enough. To keep order, to reclaim, to irrigate, to extend communications, to develope trade, to educate, to

The Problem of Government.

improve jails and hospitals and courts, police, and the administrative machinery—generally to import as many European improvements as there is money to pay for, is a task for which the Englishman feels himself especially qualified, and which he performs with vigour and, for the most part, with success.

Behind all these projects of improvement, however, there looms the more serious and difficult question as to the future of the vast aggregate of humanity, yearly becoming vaster and vaster from the improvements which we introduce.

Transition of Society.

The process with which we are confronted, is the transition of a race from a comparatively primitive stage, in which agriculture provides sustenance and occupation of an uniform character for a scanty population, simple and sparse, with but few wants, into another phase of existence in which a much denser population, with many more and less easily satisfied wants, is supported by means of great variety of occupations and complicated relations amongst themselves and toward foreign countries—from the England, in fact, of the 14th century to the England of to-day.

India already far from the primitive stage.

The fact that the inhabitants of India have been for centuries in the course of this transition, and that the effect of the close contact with Europe for the last hundred years has been to stimulate it into intense activity, is one which some of those who discuss

the present condition and future prospects of the country have completely overlooked. Such an omission is sure to throw all their calculations out. The Hindu of the present day is inconceivably remote from those simple, pastoral Aryans, who centuries ago lived a life of easy, pious routine in the plains of Upper India. The old régime, in which each member of the community scarcely dreamed of any life but the one of common, routine duties, or of any rights except those which his position gave him, still less of any but those which he shared with his compeers as members of some historic group, has given way, and is every day more and more giving way, to one in which the rights of each are more distinctly felt and more vigorously asserted, where custom and status are less powerful influences, and contract and personal claims have a larger sphere and more marked effect. This tendency, the outcome of a certain stage of national growth, has no doubt been greatly intensified by the close contact with European nations during the last century, but it goes on independently of any spontaneous action on the part of the conquerors and rulers of the country. It is a natural process of development, with which systems of government have but a remote connection. We may by oppressive or unwise legislation impede or temporarily arrest that development or give it some unnatural or mischievous turn; on the other hand we may, by watching with observant eyes the

Growth of individualism.

course of events, and reading their real meaning, guard in some measure against incidental evils, and render the attainment of what is good speedier and more complete. We cannot, if we would, restore the Hindu of Menu, with his child-like creed, his simple routine of life without anxiety, effort, or self-assertion; but we can take care that in becoming a member of modern society and a child of modern civilization, he shall be protected in some measure from the evils incidental to modern life with its huge industrial aggregates, its eager competition, and the deep abasement and destitution into which great classes of the community may easily sink. India, it seems likely, is destined to pass—as the chief European nations have passed—into a great commercial and industrial power; it is vain to hope that it will be exempt from the maladies which such communities elsewhere endure. All that it is reasonable to expect is, that, as far as may be, the experience of the other parts of the world may be utilized to take full advantage of the opportunities of good which such a state of things presents, and to minimize its inevitable evils. There will be, no doubt, a gradual increase of population as order is maintained and new openings for wealth present themselves. The object is to prevent this very increase being a source of suffering and degradation, to raise the standard of comfort by which the lives of the inhabi-

The transition should be watched.

And its incidental evils counteracted.

tants are adjusted. This standard can rise only by the general diffusion throughout society of an idea of well-being superior to that which now exists, but still not hopelessly unattainable, so that the country may as speedily as possible attain the stage where life goes on with the minimum of human suffering. The only way to this is through the habits and faculties which have placed considerable strata of society in Europe in so favourable a position in these regards—the self restraint that checks the multiplication of the species where means for its subsistence do not exist,—the prudence that prefers future security to present enjoyment, and the determination to make great efforts and submit to great privations sooner than endure patiently a life of monotonous endurance, only one degree removed from destitution and exposed to frequent risks of famine. Till these national tastes and habits are formed, fresh opportunities of wealth may only aggravate existing evils. It is bad enough, for instance, to have a large agricultural population, living close on the line, where death from want is at all times a possible incident; but the difficulty would be a great deal greater if there were, at a hundred different manufacturing centres, masses of people accustomed to live at an equally low level and exposed to equally great risks of starvation. While, therefore, on the one hand, it is of the greatest

Only remedy is higher standard of comfort.

Possible results of manufactures.

importance to India to have a large system of manufacturing industries, in order to give scope for the unemployed population; on the other, it is no less important that these manufactures should not be based on a miserably low standard of wages, or excessive hours of work, or other conditions involving the suffering and degradation of the employed. As to this branch of the subject, accordingly the duty of the State would appear to be in every possible way to encourage commercial and industrial enterprise, taking effectual precautions at the same time, against the natural results of unrestricted competition.

In the same way with regard to the land; it is of great importance to increase its fertility, and to bring fresh areas under cultivation; but it is at least equally important that the ownership and tenure of land should be such as to conduce, not only to the increase of wealth, but to the general well-being of the occupants of the soil; and the experience of the Permanent Settlement has taught us how easily and how completely this may be missed in any incomplete project of reform. Here again it is the duty of the State to watch carefully the progress of the nation, and to interpose for the purpose of preventing general suffering and degradation, and of assisting in the formation of a standard of life high enough to protect society against its worst sufferings and risks. So long as the population continues in its present condition, there must

Evils connected with ownership of land.

inevitably be a vast chronic waste of human life, which any additional unfavorable circumstance, such as a deficient harvest, will stimulate at once to disastrous activity. "In those countries," it has been said,* "where the labouring classes have the fewest wants, and are contented with the cheapest food, the people are exposed to the greatest vicissitudes and miseries. They have no place of refuge from calamity; they cannot seek safety in a lower station; they are already so low that they can fall no lower. On any deficiency of the chief article of their subsistence, there are few substitutes of which they can avail themselves, and dearth to them is attended with almost all the evils of famine." The state of things thus described exists in India to the fullest possible extent: vast multitudes live at almost the lowest level compatible with continued existence; their wants and hopes are limited to the barest necessities of human life. Of the accumulation of wealth, and of the numerous and varied contrivances by which wealth may be increased, they have scarcely an idea: prudential considerations fail to operate where prudence could effect no sensible amelioration, and where life is so miserable that the prospect of a still lower stage possesses but few terrors. Increasing numbers add to the fierceness of the struggle for existence, and to its hopelessness. At last some vicissitude, whose

Present low level of life.

* Ricardo.

advent was certain, but against which no means of protection have been prepared, sweeps off, wholesale, a crowd of suffering wretches, whose powers of endurance, always tried to the uttermost, have broken down at once under the first additional strain. The classes in India to which such a description would apply are, it may be hoped, slowly decreasing with the growth of national resources, the opening of new avenues to well-being and comfort, the spread of new ideas, and the introduction of new industries. It is to this moral, intellectual and industrial development, that the lessons of history bid us look for effectual means of escape from the calamities—famine among the rest—to which every primitive society is exposed.

England in the 14th century.

Five centuries ago the one or two * millions of people who constituted the population of England were exposed to vicissitudes as frequent and as terrible as those which are now the scourge of India. The destruction of life, on one occasion at any rate, was, perhaps, greater than any of which India affords an example.† Failures of food, more or less serious, were at least as frequent, and existence, it may safely be inferred, was as precarious and difficult an achievement to the English labourer then as it is to the Indian labourer now. From that state of things the nation has advanced to a stage in which, though its own

* Rogers' *History of Agriculture and Prices*, i. 57.

† The Black Death, in 1348, is supposed to have destroyed half the inhabitants of England.

special maladies are not wanting, the working classes are at any rate secured from the risk of wholesale destruction, while a large proportion of them enjoy comforts and luxuries which ruder ages could not even conceive. An analagous advance in civilization may be expected for the people of India: human life will, probably, under no circumstances be exempt from struggle and suffering; but wholesale catastrophes, such as those to which India is still occasionally exposed, will, we may hope, become less frequent in occurrence, and less terrible in their results; while the general level of human happiness will be raised, and life be rendered more worth living, both as regards its immunity from occasional disaster, and the enjoyments which it renders attainable.

CHAPTER III.

ADMINISTRATION.

When, after the mutiny, the powers of the East India Company were transferred to the Crown, the most distinguished apologist of the endangered Institution denounced in language of prophetic gravity "the folly and mischief of an ill-considered change." "It has been," he said, "the destiny of the Government of India to suggest the true theory of the government of a semi-barbarous dependency by a civilised Government, and, after having done this, to perish. It would be a singular fortune if, at the end of two or three more generations, this speculative result should be the only remaining fruit of our ascendency in India: if posterity should say of us, that, having stumbled accidentally on better arrangements than our wisdom would ever have devised, the first use we made of our awakened reason was to destroy them,

Mr. J. S. Mill's disapproval of the transfer of Government.

and allow the good which had been in course of being realized to fall through and be lost from ignorance of the principles on which it depended."

So far as subsequent experience has hitherto enabled us to judge, there has been little to justify these gloomy forebodings. On the one hand it is certain that the amount of improvement effected in every department since 1860, has vastly exceeded anything before accomplished; many of the greatest improvements, in fact, have taken their rise since that date, and the progress of all has been greatly accelerated. Nothing, indeed, can be more striking than the scanty and meagre list of reforms and projects that the great champion of the Company was able to produce in support of his argument in its favour as an efficient machine. Whatever can be said on its behalf, it can hardly be disputed that in those parts of a Government's duties which consist in aiding the development of the resources of the country, and the general progress of society in such matters as education, sanitation, communications and commerce, the Government of the Crown has shown far greater vigour and achieved far greater success than that which it replaced.

His forebodings not realized.

"Memorandum of the Improvements in the Administration of India during the last 30 years, and the Petition of the East India Company to Parliament, 1858."

On the other hand there does not appear to be any evidence that the transfer of the administration to the Crown has had the effect of converting the Government of India, as the great opponent of the

change predicted, "into a thing to be scrambled for by the second and third rate English politicians." Popular interest is very much more alive to the subject, the popular conscience is, it may be believed, more sensitive to our obligations to the country, and speakers in Parliament and writers outside its walls find in Indian grievances a tempting topic for vivid, picturesque, and oftentimes inaccurate treatment. But Parliament has shown a conscientious reluctance to meddle with the structure of the Government as settled in 1861; and the subsequent changes have been of the character of small amendments, shown by practical experience to be necessary, rather than of any fundamental change in matters of principle.

Changes since 1861.

In 1869 a wholesome provision was made against the possibility of the Council of India lacking sufficiently recent experience. The term of office of members of the Council, who were formerly appointed for life, was limited to 10 years, a power of re-appointment by the Secretary of State for an additional period of five years being allowed in the case of "special reasons of public advantage," of which Parliament is to be informed.

32 & 33 Vic. c. 97, s. 2.

The Council of India.

In 1870 the right of the Viceroy to over-rule his Council was re-affirmed, and the conditions of the exercise of the right prescribed; and provision was at the same time

33 Vic. c. 3, s. 5.

33 Vic. c. 3, s. 1. made for a less formal mode of legislation in the case of certain tracts less advanced than the rest of the country, which it is thought desirable to exempt from the stricter rule of the more civilized parts. The only effect was to place the system long known in what were called the "Non-regulation provinces" on a legal basis. The area affected by this provision was legislatively defined in 1874.

Act XIV. of 1874.

The most important complaint against the existing law is that which has been brought by Mr. Fawcett, viz. that its language does not define with sufficient distinctness the respective powers of the Secretary of State and his Council, and that the obscurity makes it possible for a minister, who wishes to do so, to act to a large extent independently of its advice or control.

Fawcett's *Indian Finance*, ii.

No responsible Indian official, however, has ever urged the necessity of a change or of the special Parliamentary inquiry which Mr. Fawcett recommends as a preliminary measure; and meanwhile there is nothing to justify the view that the powers vested in Parliament have been in any way capriciously used, or that popular cries or fashionable moods or party feelings have exercised undue influence.

Apart from any contemplated change, however, it would undoubtedly be convenient if the Acts of Parliament and fragments of Acts which at present regulate the government of India were consolidated into a single uniform and methodically

Consolidation of the Acts concerning the government of India.

arranged enactment; and, as it is desirable that this should be done, the opportunity might be taken of clearing away several obscurities and confusions which disfigure the existing law.

The Government of India. Powers of the Viceroy.

As regards the Government in India, objection has been taken to the law, as conferring too despotic powers on the Viceroy, and ingenious attempts have been made to throw a suspicion of illegality over proceedings in which those powers have been exercised. The power, however, is one which prolonged experience has shown to be essential. It was made a condition of his acceptance of office nearly a century ago by Lord Cornwallis, and it has been deliberately reaffirmed in our own day. It is, indeed, obvious that without it the necessary authority of the English Government could not be maintained. The Ministry, as representing the views of the Parliamentary majority, must determine by what principles India is to be governed, and how those principles shall be applied; and the Viceroy, as the responsible representative of the Home Government, must, if needs be, maintain its policy against any array, however formidable, of local official opinion.

Powers of Secretary of State.

On other occasions it has been necessary for the Secretary of State to explain to the Government of India that, however much its dignities and powers might seem to favour such a view, neither in its executive nor legislative capacity could it be

allowed to act in independence of or in opposition to the policy of the English Government as explained by its authorized and responsible Minister.

Local administrations.

The next important question is concerned with the relations of the Supreme Government to the subordinate administrations. These administrations may be ranged in three classes according to the degree of independence which they enjoy. In the first class come the two provinces of Madras and Bombay, administered by Governors appointed by Royal Warrant, with Executive Councils to assist the Governors, and with legislatures for the manufacture, within a prescribed range of topics, of local law. These Governments have the privilege of direct correspondence with the Secretary of State. In the next class are the Lieutenant-Governors of Bengal, the North-Western Provinces and Oudh, and the Punjab. These officials are appointed by the Viceroy, have no right of communication with the Secretary of State, and no Executive Council; they may have local legislatures, a privilege, however, which has been conceded only in the case of the Lieutenant-Governor of Bengal.

21 & 22 Vic. c. 106 s. 29.

24 & 25 Vic. c. 67 s. 29.

21 & 22 Vic. c. 106, s. 29.

24 & 25 Vic. c. 67, s. 44.

In the next class come the Chief Commissioners of the Central Provinces, Burmah, and Assam, with more pronounced subordination, lower emoluments, and less rights of patronage.

The history of these administrations may be

summarized as follows. The acquisitions of territory in Bengal and Madras, in which Clive's successes had resulted, the open assumption of government in Bengal in 1772, and the growing importance of Indian interests in England, rendered it necessary to replace the irregular quasi-commercial arrangements of the Company by some more formal and elaborate administrative machinery. Up to this time the affairs of each of the Settlements of Calcutta, Madras, and Bombay, had been managed by a Council, 12 or 16 in number, of the servants of the Company, presided over by the senior, and forming their decisions by a majority of votes. In the place of this Council there was established in Bengal, in 1773, a Governor-General of Bengal, with a Council of four members, irremovable for five years, and with some powers of control and superintendence over the President and Council of each of the other Provinces. These remained for the present on their original footing. Warren Hastings, who was at this time President of the Bengal Council, was made Governor-General of Bengal. The powers of the Governor-General, however, both as regarded his own Council and the other Presidencies, were insufficiently defined, and grave complications ensued. The usefulness of the Council was greatly impaired by its scandalous dissensions, and the Government of Bombay conducted a campaign with Mahrattas independently of, and almost in opposition to, the controlling

"The Regulating Act," 13 Geo. III. c. 63.

authority in Bengal. These evils were partially remedied by Mr. Pitt's India Bill of 1784, which, while providing for the more effectual supervision of the Company in England, by the creation of the Board of Control, enlarged the powers of the Governor-General of Bengal over the Governments of the two other Presidencies. These were for the future to consist of a Governor or President and three Councillors, any of whom the Governor-General was empowered to suspend in case of disobedience. The right of the Governor-General to over-ride his own Council was not, however, conferred. Two years later Lord Cornwallis made it a condition of his acceptance of office that the supremacy of the Governor-General should be thus asserted.

24 Geo. III. c. 25.

26 Geo. III. c. 16.

The same principle was still more emphatically laid down in the Act passed in 1793, on the expiration of the Charter of 1773. At the same time the powers of the minor Governments to legislate for their own territories was recognised.

33 Geo. III. c. 52.

In 1833 the expiry of the Charter of 1813 necessitated a fresh Act, and the opportunity was taken to effect several important administrative changes. The supreme Government was vested in a "Governor-General of India in Council." The Province of Bengal, which the conquests of Lord Wellesley and Lord Hastings had swelled to an unmanageable size,

3 & 4 W. IV. c. 85.

was divided into two Presidencies, Fort William and Agra; the separation, however, not extending to the Army or Civil Service. British India, accordingly, now consisted of four great divisions, Fort William, Agra, Madras, and Bombay; each was to be administered by a Governor and three Councillors, but the Governorship of Bengal was *ex officio* vested in the Governor-General of India. The Court of Directors was empowered to revoke or suspend the creation of Councils, or to reduce the number of Councillors, and thus, practically, to determine whether a Province should be administered by a Governor alone, or a Governor and Council. The Supreme Council was strengthened by the addition of a fourth member, who was, however, only to take part in legislative business; the minor Presidencies were at the same time deprived of the power of making laws and regulations. The right of the Governor-General to over-rule his Council was reaffirmed, and his powers of superintendence and control over the Governors of Fort William, Agra, Madras, and Bombay, were laid down in wider and more explicit terms than on any previous occasion. The Governor-General in Council, moreover, was enabled to authorise the Governor-General to exercise, when absent from his colleagues, all the collective powers of the Council except that of legislation. Several important differences of opinion became apparent in the discussions of the measure. Lord William Bentinck urged the necessity of relieving the Governor-General and

his Council from the executive charge of the Presidency of Bengal. "The local duties," he urged, "pressing upon the time of the Supreme Government, utterly preclude the performance of the higher and more important functions of its office"; and this view was endorsed by Lord Metcalfe, at that time a member of the Supreme Council. The objection, however, was over-ruled. The erection of Agra into a Presidency was never carried out, but a measure of relief to the Governor-General was afforded by the conversion of the North-Western Provinces, not, as originally intended, into a Presidency of Agra, but into a Lieutenant-Governorship. Meanwhile, the Governor-General continued to be the executive head of the rest of Bengal. Another proposal, that of the abolition of the Councils of the minor Presidencies, was not carried further than the power of suspending their creation or reducing their numbers, which, as we have seen, were conferred on the Directors. Twenty years later the administrative machinery of the Government came again under consideration, with reference to the passing of the Act of 1853, and strong objections were again urged to the union of the Governor-Generalship and Governorship of Bengal in a single person. The vast increase of territory and, consequently, business, it was pointed out, made it physically impossible that one set of duties or the other should not be neglected, and thus practically inflicted a great grievance on the

5 & 6 Wm. IV. c. 52, 1835.

Province of Bengal, whose notoriously backward condition was attributable to the scanty attention which the head of its administration could give to it, and the frequent interruptions which his other duties necessitated. Power was accordingly granted to create either a Governor or a Lieutenant-Governor of Bengal, and a Lieutenant-Governor was, accordingly, appointed.

16 & 17 Vic. c. 95. 1853.

In 1858 the powers and responsibilities of the East India Company were transferred to the Crown, the Board of Control and the Directors replaced by a Secretary of State and the "Council of India," of fifteen members, the style of the existing Council in India being changed to that of "the Council of the Governor-General of India." The members of the Council of India were to hold office for life, and it was provided that, in case of a difference of opinion between the Secretary of State and his Council, the determination of the Secretary of State should, with the exception of certain specified classes of subjects, be final. The members of the Council were empowered to see correspondence and orders, and to record minutes upon them, such matters as would, under the former *régime*, have passed through the "Secret Committee of the Court of Directors" being alone reserved.

Act for the Better Government of India. 21 & 22 Vic. c. 106.

In 1861 some important changes were made in the constitution of the Government of India and the local administrations. It was provided that the Council of the

The Indian Councils' Act. 24 & 25 Vic. c. 67.

Governor-General should consist of five ordinary members, three of whom should be chosen from the Indian services, and one of the other two should be a barrister of five years standing. The Commander-in-Chief might be added by the Secretary of State as an extraordinary member. By a subsequent Act, passed in 1874, the Crown is empowered still further to increase the Council by the creation of a "Member for Public Works Purposes," a right which, since the completion of his term of office by the last holder of the post, has not again been exercised.

37 & 38 Vic. c. 91.

The Indian Councils' Act made no alteration in the powers of the Governor-General to over-rule his Council, the enactments of the Act of 1793 remaining still in force. For the purposes of legislation, the Governor-General was empowered to add to his Executive Council any number, from six to twelve, of additional members, half of them non-official, whose duties should be confined to sittings for the purpose of making laws and regulations. Measures affecting the public revenues, religion, military matters and the foreign relations of the Government, cannot be introduced without the previous sanction of the Governor-General. Subject to this, the legislative powers of the Council are unfettered, except with regard to certain specified enactments in force in 1861, Acts of Parliament subsequently passed, the authority of Parliament, and the allegiance due to the Crown. The

The Legislative Council.

Governor-General's assent, or, if he chooses to reserve it for that purpose, the assent of the Crown is essential to the validity of every Act, and the Crown has in every case a right of disallowance.

Local Legislative Council.

Provision was at the same time made for again conferring on the local governments the legislative powers which had been in abeyance since 1833, the Governors of Madras and Bombay being empowered to appoint additional members to their Councils, "for the purpose of making laws and regulations only." Their sphere of action, however, is more limited than that of the Governor-General's Council. Their power of repeal is limited to measures passed prior to 1861 by an authority in India. No measure affecting the public revenues may be introduced without the previous sanction of the Governor, nor can the Council, without the sanction of the Governor-General, take into consideration any matter affecting the public debt, Imperial taxation, currency, post-office, the Penal Code, religious rites and usages, the military or naval forces, patents, copyright, or foreign relations. The assent of the Viceroy is essential to the validity of every Act, and the Crown has a general power of disallowance.

Provision was, at the same time, made for enabling the Viceroy to establish similar Councils in Bengal, the North-Western Provinces, and the

Punjab, should it at any time seem expedient. Under this power a Legislative Council has been established in Bengal.

General Controlling power of Government of India.

Over Governors, Lieutenant-Governors, and Chief Commissioners alike, the Government of India has general powers of control and legislation, and the Acts of the subordinate legislatures must not modify or interfere with those of the Supreme Government. The area, accordingly, with which the local legislatures are competent to deal, diminishes with each new class of subjects for which the Government of India passes any Act.

Project of a federation of Provinces impossible.

Proposals have, on several occasions, been made by English politicians for increasing the degree of independence now enjoyed by the local administrations, and even for converting them into a sort of federation of states, invested with equal authority, and subordinate only to the Secretary of State in England. The grounds on which such a scheme must be condemned as impracticable, were some years ago forcibly pointed out by Colonel Chesney, and have been recently summed up by the Government of India.* "Such an arrangement," the Government observes, "would be almost exactly that which obtained towards the end of the last century, and which was condemned

Chesney's *Indian Polity*, 1870, p. 134.

* Government of India to Secretary of State. No. 38 of 1880, 8 June 1880, sec. 7.

as unworkable, before the Punjab, Burma, the Central Provinces, Oudh, Sindh, or Assam, formed part of British India. At a time when it took weeks for letters to pass between Bombay, Madras, and Calcutta, and when British India contained little more than half its present area, it was found absolutely necessary to make the several provinces subordinate to the Governor General in Council—that is to the Supreme Government of India. It seems to us that no valid reasons can be adduced for, while many very strong reasons exist against, alteration of the system which was forced upon the Court of Directors more than a hundred years ago, which successive Acts of Parliament have repeatedly ratified, and which is quite as necessary now as it was a hundred years ago. The army, the railways, the customs duties, the opium, the salt revenue, the post office, the relations with foreign States, whether feudatory or beyond the confines of India, must always be directed by some central authority. The management of these branches of public affairs cannot be parcelled out among the several governments. The financial arrangements of India must also be directed by some central authority; for some provinces are rich, and yield a large surplus, while others are poor, and cannot pay their way. Funds for carrying on the government of the poorer provinces, for the army, for the payment of interest of the public debt, for meeting the home charges must be found from a common purse for

all India, and the necessary control in such matters cannot be exercised from an office in London."

Effects of provincial independence on national credit.

One collateral result of such a scheme would, as the Government of India points out, be that the security of the Government of India, on which the public creditor is now eager to lend at 3½ per cent. would be replaced by that of local administrations, whose solvency would be open to question, or by that of the Secretary of State, which would be tantamount to a transfer to the English Government of the liabilities of India.

Financial Difficulties.

Another possible result of financial independence has been pointed out by Colonel Chesney,* viz. that at the moment when the Government of India was confronted with some great military undertaking, which would absorb all the current resources of the Empire, the provincial governments might be launching out into projects of expenditure. The same remark would apply to occasions when all available funds might be requisite for famine relief, and when, accordingly, schemes of improvement in one part of the Empire might have to be arrested in order to meet the abnormal necessities of another. In fact, from whatever point of view it is regarded, the idea of independent governments is found to be impracticable, and may be considered as no longer within the area of practical discussion.

The argument against provincial independence,

* *Indian Polity*, p. 144.

—strong as it has at all times been—has received additional weight from the increased physical contiguity of the several component parts of the Empire, due to the territorial acquisitions of later years. Something, indeed, might be said for the autonomy of the local governments, at a time when the isolation of their position rendered their transactions, their interests, their difficulties, to a great degree, distinct. The geographical separation was complete. A great tract of foreign territory intervened between the Gangetic plain and the Madras and Bombay Presidencies. The annexation of the Nagpur territories after the second Mahratta war, and the assignment to the British of Berar, formed a link which united all three. The tract of country now known as the Central Provinces spreads across the centre of the Empire, and renders homogeneity of administration more essential than before. At the same time, improved facilities for communication have contributed to render independent sources of authority unnecessary and inexpedient, and to facilitate the realization of that perfect ideal of Government, in which, while, on the one hand, the greatest possible latitude of action is allowed to subordinate authorities, and individual freedom is left without unnecessary interference; on the other hand, discipline is complete, and the organisation of Government works with rapidity and exactness; the central design is

Increased territorial proximity.

Increased homogeneity of government necessary.

carried out with promptitude, and thus the incalculable advantages of harmonious action are secured throughout the whole sphere of the State's action.

The same arguments, indeed, which show a federation of Indian provinces to be impossible, tend to suggest the advisability of more complete subordination in the case of two of the Provincial Governments than at present exists. The position of the Madras and Bombay Presidencies is, as we have seen, to a considerable extent, accidental. The Bengal Presidency originally enjoyed the predominance to which its size and importance naturally entitle it: and the head of its Government was invested with power of control and supervision over the other administrations. Gradually this plan was found to be impracticable; then came the scheme of relieving Bengal by the creation of a fourth Presidency, all four being placed on an equality. Ultimately, the two old Presidencies were left as they were, and the two Bengal Provinces became Lieutenant-Governorships; Bengal thus altogether losing its traditional ascendancy, and Madras and Bombay acquiring a position of relative superiority in dignity if not in actual independence.

The Governorships of Madras and Bombay.

The first point which arrests attention in considering this arrangement is the anomaly that the province which is, beyond all comparison, the richest, wealthiest, and most advanced, should be on

Anomalous position of Bengal.

a lower footing in the scale of administration than other and less influential divisions of the Empire. The enormous area of Bengal, 200,000 square miles, its huge population of 60 millions, the wide varieties of race, religion, and society, which are comprised in a jurisdiction extending from Behar to Orissa; the important commercial interests involved, the large European community, the numerous and complex questions to which so vast an administration cannot fail to give rise—would seem to suggest that its ruler should, after the Viceroy, be unquestionably the highest official in the Empire, that he should enjoy the most plenary authority, and should receive, in his administrative business, all the assistance that direct communication with the Secretary of State and the co-operation of an Executive Council can give. If the quasi-independence of a Governorship and Council is anywhere desirable, surely it must be here; on the other hand, if the absence of those privileges does not operate injuriously in Bengal, we may conclude they are unnecessary in smaller and less important provinces.

Anomalous position of Bengal.

The anomaly involved in the present position of Bengal and its accidental origin are forcibly pointed out by Colonel Chesney;* nor is it likely that serious objection would in any quarter be raised to his view as to the Lieutenant-Governor of Bengal, "that the

* *Indian Polity*, p. 111.

appointment should be placed on at least an equality with that of the other Governors, and that the staff of ministerial officers should be strengthened to a degree commensurate with the wants of that enormous country." At present there appears to be no question that the administration is underhanded, and the machinery at head-quarters exposed to undue strain.* It must, however, be observed that, whatever be its form of government, it will, as Colonel Chesney points out, always be too large to be administered properly from a single centre. To remedy this, Colonel Chesney proposes that Orissa, or rather that fragment of the Mahommadan Province of Orissa which is still designated by that name, should be detached from Bengal, with which it has no linguistic or other affinities; that a portion of the ancient Orissa, which forms the basin of the Mahanaddi and has been attached to the Central Provinces, should be rejoined to the coast districts, and that these, with the Oorya portions of the district of Midnapur in Bengal, and the northern portions of Ganjam in Madras, which are also Oorya, should be formed into a separate administration.

Bengal territory inconveniently large.

Re-distribution of territory proposed by Colonel Chesney.

The detachment of Assam, which formed part of Colonel Chesney's proposal, has already been carried out. But it is suggested that a still

* Evidence of Mr. Dampier before the Famine Commission.

further diminution, viz. the removal of Behar, the north-western portion of the province, with its Hindustani population, would be administratively advantageous. Bengal would still be the largest province in India; and Behar, it might be hoped, would profit by being joined to a Government of which it would form a more prominent part, and from which it might receive a less divided attention than is possible in the huge administrative aggregate to which it now belongs.

Colonel Chesney's re-distribution scheme involves further the transfer of the Nagpur portion of the Central Provinces to Bombay, from which they could be more conveniently administered; and the transfer of the Delhi territory from the Punjab to the North-Western Provinces, from which it was removed after the Mutiny. Behar would also be transferred from Bengal to the North-Western Provinces. The Hindustani-speaking peoples of India would thus be gathered under one administrative aggregate. This, however, would be too unwieldy, and it is proposed therefore to divide it into two parts—one consisting of the districts to the north of the Ganges,—Rohilkund, Oudh, Tirhoot, and Trans-Gangetic Behar, with a seat of Government at Lucknow; the other, the territory south and west of the Ganges, with its seat of Government at Allahabad. To this latter would be added the northern portions of the Central Provinces, formerly styled the "Saugor and Nerbudda Territories," and given to the Central Provinces in

1861. The Central Provinces would thus be absorbed, part going to the Allahabad Province, part to Bombay, and the rest to the new Orissa.

Advantages of re-distribution.

Such a re-distribution would obviously relieve the over-burthened administration of Bengal, would group similar-speaking races under the same administration, and would probably conduce to a closer supervision and more active control of Behar, Midnapur, and Orissa,—parts of the country which are exceptionally liable to famine, and from some of which the accounts of the peasantry and of their relations to the landlord class, are less satisfactory than in any other part of India.

None of the provinces of British India would then be on a scale wholly disproportionate to the rest, or such as to render thorough and effective supervision a matter of difficulty. The question of the superior position of Madras and Bombay would still require disposal.

Objections to the Madras and Bombay Governorships.

Many weighty objections may be urged against a semblance of independence, which, while it is useless for any practical purposes of administration, is still real enough to prove, on occasion, a serious obstacle to promptness, efficiency, and discipline.

In the first place it is a delusion to suppose that the two Governorships have any useful effect as checks upon the autocracy of the Viceroy, supposing him to be autocratically inclined. In

matters of legislation every province alike is absolutely under the control of the Supreme Government. The right of direct correspondence with the Secretary of State which the Governors enjoy, is coupled with the serious limitation that a copy of every letter has to be submitted to the Government of India. Practically the correspondence is confined to detailed questions of Provincial Administration. In military matters the privileges of the Governorships are purely ornamental; in matters of finance the central control is just as strict in the case of a Governorship as in that of any other part of the Empire, and, in fact, owing to the less complete development of the decentralization policy in Madras, the financial powers of the Governor of that Presidency are less than those enjoyed by the Lieutenant-Governors. As to foreign relations or military measures, the possibility of independence is not even suggested; no real independence is, in fact, possible. The Secretary of State and the Viceroy in his Council must govern India, and must decide the general principles upon which its administration is to proceed. This being so, to raise up two little *Imperia in Imperio* which, without any final responsibility, shall have the power of thwarting the supreme authority, impeding its action, disobeying its orders, refusing to answer its inquiries, and otherwise treating it with disrespect, is a waste of power which must always go far to impair the efficiency of Indian administration, and which

They are no real check on Viceregal autocracy.

may paralyze its efforts in any particular emergency.

Prejudicial effects of Governorships.

The fact is that these two Presidencies have a traditional *rôle* of independence which is incompatible with good discipline and the valuable results which good discipline achieves. They are subordinate with a qualified privilege of insubordination. Hence arise constant friction, latent animosity, suspicion that an encroachment on their rights is intended, jealousy of external interference, an *esprit de corps* which is apt to over-ride every consideration of public utility. Arrangements of the most simple character are apt to result in a dispute. Each government is to a large extent occupied with taking care of its own dignity, or resenting slights, or fighting for what it considers its dues, a provincial *esprit de corps* is engendered, which rises not unfrequently into personal antagonism. Any difference of opinion is a pretext for a quarrel, and disputes arise which make calm discussion impossible. The consequence is that serious acts of insubordination occur, long and mischievous delays are occasioned, discussions are indefinitely prolonged and many matters which call urgently for adjustment are allowed to stand over, either from fear of involving a battle which it would be inexpedient to fight, or because people's tempers have got into such a state, that the only thing to do is to leave the whole subject in abeyance till calmer times. Instances might without

difficulty be gathered from official records, which would go far to substantiate the proposition that, viewed in its relations to these two local governorships, the Government of India is, as an administrative machine, radically defective; that the responsibilities of the head authority are larger than its powers, and that breaches of discipline, fatal to decisive and effectual action, are one of the difficulties with which the management of any critical matter is likely to be beset. So long as such a state of things continues, there never can be the frank communication, the amicable discussion, the loyal surrender of individual opinion in deference to superior authority, which can be secured only when both parties to the controversy know their respective places and responsibilities, and when the subordinate authority, having fully and boldly urged that which it considers to be the right course, is prepared, with loyal alacrity, to carry out the policy finally resolved on, although it may not be in every respect in accordance with its own views. On the contrary, there will be reticence, secresy, struggles to carry out an independent opinion at all hazards, sullen resistance to all attempts by the superior authority to enforce obedience, and, consequent upon this, there will always be the probability of a more or less serious breakdown.

Expense of Governorships.

The consideration of expense, though not, of course, to be weighed against that of real efficiency, may properly be taken into account when little but local and

professional prejudice stands in the way of reform. The most daring apologist of the Madras Government would not venture to claim for it any superiority in the higher work of administration over the Governments of Bengal, the North-Western Provinces, or the Punjab: but it is unquestionably most costly. The Governor's salary, his Council, his secretariat and household staff, all cost an appreciably larger sum than is involved for these charges in the case of a Lieutenant-Governor; but the duties and responsibilities of a Lieutenant-Governor are just as heavy, and the calls on his hospitality at least as great. There are so many and such pressing calls on the Government exchequer for administrative purposes of unquestionable utility, that it is impossible not to grudge a needless annual expenditure of several thousand pounds on institutions whose *raison d' etre* has long passed away, and which are capable in unskilful hands of being used with most mischievous effect. One of the strongest practical arguments against the Governorships is their condemnation by so experienced an authority as Lord Northbrook, who, in a discussion a year or two ago on the finances of India, suggested to the House of Lords that advantage might be taken of the existing pressure to dispense with the unnecessary expense of the two Governorships, and to get over the local difficulties and jealousies which the reform might occasion.

Another point in connection with this subject

which deserves consideration, is the question whether these appointments ought not generally, instead of, as at present, occasionally, to be conferred on members of the Civil Service. Without any discourtesy to the many distinguished public servants who have at various times held these posts, it may reasonably be urged that the reasons which make it expedient that a Viceroy should have been trained in the more varied experience and wider range of English political life, have but a very partial application to the Governorship of a Presidency. The Viceroy, who is necessarily in constant communication with the Secretary of State on big questions of Indian policy, is certainly far better qualified for his duties if he is personally acquainted with English politics, and has been so trained as to look at the matters in hand from the European rather than Anglo-Indian point of view. But the communications of the Local Government with the Secretary of State are of a perfectly different and far more restricted character, being in fact solely occupied with administrative questions arising in the Province itself; and for these, of course, local experience is invaluable. A Governor who comes from England without any previous acquaintance with Indian matters, and even, as has sometimes happened, without any official experience whatever, labours necessarily under great disadvantages as compared with the best Indian civilians, who have for twenty years

Madras and Bombay might be governed by civilians.

been studying the subject, acquiring information, forming their own opinions, and checking their theories by the wholesome test of practical trial. If a civilian is appointed, there is at least the guarantee of his former career for ability, insight, and aptitude for the business of administration. Such a man has risen slowly from one post of confidence to another, and his behaviour in each has been matter for public and official criticism. But a Governor sent from England has often to be taken, to a great degree, on trust; he may have crochets; he may be unbusiness-like; he may be deficient in the happy arts of conciliation; he may lack insight into character or the nerve to meet an emergency: in every case alike the injury to the Province will be great.

On the other hand, there would be a positive advantage in adding to the number of prizes to which the Civil Servant in India may look forward. The Indian Government goes into the market to compete with the ordinary careers open to young Englishmen in the various professions and businesses of life. It is essential to the success of such a scheme that the attractions offered should not fall obviously short of those which are within the reach of diligence, capacity and success at home. Several things, however, have of late conspired to bring about this result. The Civil Service labours under grave disadvantages. For one thing, the fall in exchange has reduced the worth of all that

Drawbacks to the Indian Civil Service.

portion of his pay which an official remits to England by at least 25 per cent.; the rise of prices in India has made almost as serious a reduction in the worth of that portion of his income which he spends in India. The increased activity of the administration has cut him off from many enjoyments, and imposed on him an extraordinary burthen of work, often of a technical and uninteresting character. The precision of the Courts leaves little room for personal influence, and the sway of that benevolent despotism which reconciled some men to exile and heat and monotony. In the meanwhile the earnings of most English professions have largely increased. In addition to all these drawbacks, the Indian Civil Service adds the serious consideration that all its great prizes go to outsiders. The Viceroyalty, the Governorships, the Chief Justiceships, many of the Judgeships, the Advocate-Generalships, are all confined—with rare exceptions in the case of Governors—to men who do not belong to the Service. The arguments in favour of selecting the Viceroy from among leading English politicians are overwhelming; but with regard to all the other posts, it is questionable whether the interests of the Government and the country could not, on the whole, be consulted by a change which brought these good appointments within the range of a young civilian's hopes. A young man of ability and spirit naturally hesitates to embark in a career

Best prizes mostly given to outsiders.

in which all the best prizes are necessarily reserved for others. It would be a sensible addition to the attractive powers of the Civil Service, if it could hold out these excellent appointments as a not improbable reward of ability, energy, and devotion. An ambitious and courageous lad would put the chance of being a Governor or a Chief Justice against the certainty of hard work, solitude, exile, burning skies, and a dislocated home. The Service certainly contains in its ranks not a few men who would belie all their past history if they did not fulfil any duties, however arduous and responsible, with advantage to the country and credit to themselves. Their appointment to the highest offices would act as a direct stimulus, not only in drawing the best class of candidates into the ranks of the Service, but in keeping alive a spirit of laudable ambition, and all the useful qualities which such a spirit tends to foster.

Good effects of such appointments being attainable by the Service.

Among the structural changes recommended by the Famine Commission is the creation of a Department, both in the Supreme and Local Governments, whose especial duty it should be to supervise the agriculture of the country, collect and formulate statistics relating to the agricultural community and crop-produce, and to organise and control the staff of officials, who will, it is hoped, in future times, be specially occupied with these subjects. An "Agricultural Department" has long been

Creation of an agricultural Department. R. 88 & 70.

felt to be a necessity in India, and under Lord Mayo in 1870 the scheme was partially, and not altogether successfully realized. Considerable improvement has been effected in the collection of agricultural statistics, and a stimulus in some instances given to agricultural improvements; but the machinery of the department was imperfectly designed, and its usefulness crippled by the absence—in every government but that of the North-West Provinces—of provincial departments working in co-operation with and subordination to the Central Office. A year ago the department was broken up and its duties were distributed among the other bureaux of the Indian Secretariat. At present, accordingly, there is not at head-quarters any official exclusively occupied with the supervision of agricultural matters or specially qualified to handle them. In the North-Western Provinces alone the Local Government has organised an efficient provincial department, the success of which has hitherto been remarkable. Similar departments will, it may be hoped, at no distant date be created in the other provinces, and the operations of all be aided and controlled by a central supervising authority at the head-quarters of the Government of India. Agricultural inquiries extending over an area of two hundred millions of acres, under every conceivable variety of soil and climate and culture, cannot be conducted with the least efficiency or prospect of useful result, except by a numerous, skilful, and well-organised staff, acting

on a carefully pre-arranged plan, and proceeding methodically with the accomplishment of its vast and diversified task. Such an organisation it is proposed to supply by means of an Agricultural Department.

Questions of detail regarding the *personnel* of the Service can hardly be a profitable topic for public discussion. The Famine Commissioners have recommended several important changes. They lay down unhesitatingly the rule of proved capacity as a condition of promotion. "On the personal question," they observe, "all that need be said is that in proportion as a high standard of capacity and public spirit is maintained, more particularly in the higher posts, the prospect of success will be improved, and that the only certain way of avoiding the risk of administrative failure, with consequent discredit to the Government and probable calamity to the people in time of difficulty, is to adopt proved capacity as the sole qualification for official advancement." It appears, however, that "proved capacity" is by no means at present the sole qualification for official advancement. The higher officials, such as Commissioners of Divisions or Secretaries to Government, are filled up by selection among senior civilians, no one being appointed who has not shown more than ordinary ability. But in the ranks of the Civil Service below these grades, promotion goes by seniority, and the

Promotion by merit.

Recommendations of the Famine Commission. R. 101.

Posts of Judge and Collector filled by seniority.

consequence is that an officer will, irrespective of his fitness, arrive by mere lapse of time at the dignity of a collector or civil judge of a district. As collector he supervises the executive administration of a population, often, of upwards of a million, and upon his energy, judgment, and capacity the fortunes of the district entirely depend; as judge he exercises an important appellate jurisdiction over an equal area, besides an original jurisdiction of unlimited amount in criminal and civil matters. No greater misfortune, accordingly, can befall a district than that either of these offices should be filled by other than a capable man, and it can hardly be that this misfortune should not under a rule of seniority not unfrequently occur. The appointment by merit rather than seniority to these posts will, no doubt, greatly diminish the chances of such a mishap.

Such a change involves the elimination of the less capable officers, and the Commissioners have recommended a system by which those members of the Service whose unfitness for higher offices has been adequately ascertained, may be compelled to leave it, on terms as to pension which may reconcile them to an earlier period of retirement than that prescribed by the ordinary rules of the Service.

Plan for removal of incapables. R. 103.

Another change of great importance, affecting the personal qualifications of members of the Civil Service, has been recommended by the Famine Commission; viz. the

Agricultural Experts. R. 140.

creation of a class of officers specially trained in scientific agriculture and the physical sciences connected with it, and thus specially qualified to aid the Government in the discovery and introduction of improved methods of culture. "This they would do," the Commissioners observe, "by ascertaining the characteristics and capacities of different soils, by indicating the most suitable crops for the various soils and climates of the several provinces, and the most successful way of raising the chief staples, and of preparing them for the market, by investigating the effects on crops of irrigation applied in different ways, and by suggesting improvements in the system of rearing cattle, or in the construction of agricultural implements." The object in view is to bring the highest scientific skill and knowledge obtainable in Europe to bear upon the problem of advancing Indian agriculture, from the rude methods of primitive society to the level which physical and mechanical discovery has now brought within our reach. At present little is known about the soil beyond what is gathered from native experience, and this, though of a high degree of value in many respects, is necessarily limited in its range, and leaves aside many topics with which modern agriculture concerns itself. The effects of various manures—of irrigation without manure—of the extreme solar heat and hot winds to which the soil is for months in every year exposed—of the frosts of Upper India—the special chemical properties of the

monsoon-rain—the extent to which each variety of crop under the conditions of Indian agriculture exhausts the soil—the best means of utilizing the present manure-supply—the possibility of discovering new sources of chemical manures, similar to those which have revolutionised the agriculture of Europe—all these subjects are at present a *terra incognita*, so far as any investigation deserving to be called scientific is concerned. They can be satisfactorily explored only by a large and well organised body of skilled observers, directing their attention continuously to the objects of inquiry. At present no such class exists, nor, if it did, do the arrangements of the Government allow time and leisure for the necessary research. The maintenance of order, the suppression and detection of crime, and the collection of the revenue necessary for carrying on the administration, are the first essential tasks of Government; but they do not comprise the whole area of its duties, especially in the case of a country where, as in India, the initiation in scientific discovery and industrial enterprise must be taken by the State. The Government of India has not only to rule a great population, but to turn a vast, undeveloped estate to the best account; and this it can do only by devoting an adequate proportion of the official skill and ability at its command, to the slow and costly duties of minute observation and elaborate inquiry, from which alone any such development can be expected.

Amongst administrative reforms of less general application, one of the most important is the abolition of the Madras Board of Revenue, and the substitution for it of Revenue Commissioners, with a local jurisdiction over the collectors of several districts. This change has been repeatedly urged by the Government of India upon the local administration, and as often persistently resisted by the local officials. The reform is supported by the majority of the Famine Commission, and has been sanctioned by the Secretary of State.

Administrative reforms. Madras Board of Revenue. R. 101.

R. 101.

Connected with this is another highly important reform, viz. the breaking-up of several of the over-sized Madras districts into smaller and more manageable areas. At present four districts have populations exceeding two millions, and seven have areas exceeding 8,000 square miles. Such charges as these are wholly beyond the supervising powers of a single officer, and must at all times be prejudicial to vigorous, well-ordered, and effective administration. The necessary result is that large portions of the district are left practically without any European superintendence, and this, at all times undesirable, becomes at any moment of pressure, such, for instance, as famine, a grave evil. During the late famine serious disorders were, in more cases than one, attributed to this cause.

Reduction of over-sized districts. R. 101.

Several other topics are discussed in connection

with this subject by the Famine Commission; such, for instance, as the proper limits of the respective duties of the Collector and his assistants, the employment of native agency as far as possible for the less important business, the enforcement of strict rules as to personal inspection of the local area in charge, and for the improvement of the position and prospects of native officials. Points such as these cannot be satisfactorily discussed except on the spot, and by those who are practically acquainted with the working of the system; it is well, however, to observe that these are the directions in which the present organization of the Service would admit of improvement.

Plans of improved administration.

CHAPTER IV.

The documents, to which reference is made in this Chapter, are denoted as follows:—

F.S. Annual Financial Statement of the Indian Government.

F. & R.A. Finance and Revenue Accounts issued by the India Office.

E.I.H.A. East India Home Accounts.

S.A. 1877-78. Statistical Abstract for the years 1868-69 to 1877-78, issued by the India Office.

Correspondence relating to the Estimates for the War in Afghanistan, 1880.

Further Correspondence, &c., 1880.

Statement of Net Revenue and Expenditure of India for 1856-57, and for 1867-80 inclusive, and Memorandum by Mr. H. Waterfield, 8th July 1880. Parliamentary Return, No. 279.

The conventional valuation of 10 Rs.=£1. sterling is adopted throughout.

FINANCE AND TAXATION.

I PROPOSE in this chapter to trace shortly the past history of Indian Finance, to show the present financial position of the Government, and to examine the question of the degree in which the taxation of the country is adjusted to the requirements of the State and resources of the people.

In dealing with the question of the management of Indian finance, it is unnecessary to examine

in detail the course of its administration previous to the Mutiny. The present system may be said to have taken its rise in the arrangements which the events of that period rendered necessary. It may be convenient, however, to state generally the state of things with which the Administrators of Indian finance at that time were called to deal.

The Table on the next page shows the degree to which the resources of the Government for forty years previous to the Mutiny and during that event sufficed to establish an equilibrium between revenue and expenditure.

From this it is apparent that it was only in times of peace that a surplus could be achieved. In commenting upon it, the Finance Minister pointed out that all the years during which the Nepal War was on hand, from 1814 to 1816, and the Mahratta War, from 1817 to 1819, were years of deficit amounting in all to 5½ millions. Lord Amherst arrived in 1823, after three years of surplus, amounting in all to 2½ millions. From the year 1814 to 1823, the net increase on the debt was about 2¼ millions. The Burmese War began in 1824, and ended in 1826, and there were several years of deficit, resulting in 1828 in an aggregate deficit of 14¼ millions and an addition to the debt of 12 millions. The succeeding decade was one of varying deficits and surpluses, the general result being 3½ millions on the side of surplus; but in 1838 began another

F. S. 18 Feb. 1860, p. 7.

*Memo. of Surplus or Deficit in the Revenues and Charges of India (including Home Charges) from 1814–15 to 1859–60.

Year.	Surplus.	Deficit.	Remarks.
	£	£	
1814–15	—	102,992	Nepal and Mahratta Wars.
1815–16	—	1,039,546	
1816–17	—	369,005	
1817–18	—	792,665	
1818–19	—	1,380,059	
1819–20	—	1,761,664	
1820–21	117,262	—	
1821–22	610,698	—	
1822–23	1,743,139	—	
1823–24	—	847,091	
1824–25	—	2,961,147	First Burmese War and the Siege of Bhurtpoor.
1825–26	—	4,953,918	
1826–27	—	2,396,320	
1827–28	—	3,151,144	
1828–29	—	927,629	
1829–30	1,070,534	—	
1830–31	109,199	—	
1831–32	—	207,581	
1832–33	—	264,332	
1833–34	49,396	—	
1834–35	—	194,477	
1835–36	1,441,513	—	
1836–37	1,248,224	—	
1837–38	780,318	—	
1838–39	—	381,787	Afghan, Scind, and Gwalior Wars.
1839–40	—	2,138,713	
1840–41	—	1,754,825	
1841–42	—	1,771,603	
1842–43	—	1,346,011	
1843–44	—	1,440,259	
1844–45	—	743,893	
1845–46	—	1,496,865	First Sikh War.
1846–47	—	971,322	
1847–48	—	1,911,986	
1848–49	—	1,478,225	Second Sikh War.
1849–50	354,187	—	
1850–51	415,443	—	
1851–52	531,265	—	Second Burmese War.
1852–53	424,257	—	
1853–54	—	2,044,117	
1854–55	—	1,707,364	
1855–56	—	972,791	
1856–57	—	148,597	
1857–58	—	7,864,222	Mutiny.
1858–59	—	13,393,137	
1859–60	—	9,290,129	
Total	8,895,437	72,195,416	

* Appendix to Mr. Wilson's Financial Statement 1860, p. 38.

period of war, and there were incessant deficits from 1838 to 1849, this period embracing the Afghan, Oudh, Gwalior, and first and second Sikh Wars. By this time the debt had risen to 51 millions, involving an annual payment of 2½ millions. Then followed four years of surplus, but towards the close of the second Burmese War there was a deficit in 1853, and the following years up to the Mutiny were all in deficit. The Mutiny itself produced a financial crisis of the very gravest character.

When at its close the new Financial Minister reviewed the position, he found in it good grounds for anxiety; the three previous years had involved a deficit of 30½ millions, and the coming year was estimated to add a further deficit of 6½ millions. The effect of the three years of Mutiny had been to add 38½ millions to the national debt, involving an increased annual interest payment of £1,935,000; on the 30th April, 1857, just before the Mutiny commenced, the public debt had stood at 59½ millions and the annual interest at 2½ millions; but in 1860 the debt stood at 97¾ millions, and the annual charge at 4½ millions. Thus the events of the Mutiny may be said to have saddled the people of India with a perpetual yearly payment of nearly 2 millions. The deficit of 1860-1, despite all efforts to curtail it, turned out not to be less than 4 millions.

F. S. 18 Feb. 1860, p. 6.

Debt.	Annual Charge.
1857.	
59,441,000	2,525,000
1860.	
97,851,000	4,461,000

On the whole, in the 46 years from 1814 to 1860 there had been 13 years of surplus, aggregating £8,895,000, and 33 years of deficit, aggregating £72,195,000. Mr. Wilson drew attention to the fact that during 59 years of the century considerable additions to indebtedness had been made in 44, while only in 15 had reductions been effected. The finances of India were, in fact, he said, always in difficulty; deficits were their normal condition; the system was to blame; so defective did he consider it, that it was to him a matter of surprise that greater evils had not arisen.

The Table on next page shows how far, since 1862 up to 1878-79, the revenues of the country have sufficed to meet its ordinary expenditure, that is, all expenditure except that devoted to Productive Public Works, and what the effect of famine and loss by exchange has been on the revenues.

From this it appears that during the 17 years there has been an aggregate surplus of £15,185,657 and an aggregate deficit of £14,026,270 or a net surplus of £1,159,387; and that this is the result after discharging all expenses of famine and loss by exchange, which together amounted to 25¼ millions.

Excluding these items, the surplus has been £26,383,119; or, accepting the loss by exchange as normal expenditure, and treating as extraordinary only the item of Famine Relief, the surplus of the seventeen years would be £16,276,875.

India Office, 3 March 1880.

RETURN of the Gross Revenue and Expenditure of India from 1862–63 to 1878–79 (excluding Capital Expenditure on Extraordinary or Productive Public Works from 1867–68), and the Surplus or Deficit in each year, including and excluding Expenditure on Famine Relief and Loss by Exchange.

YEAR.	REVENUE.	EXPENDITURE.				Comparison of Revenue with Total Expenditure.		Comparison of Revenue with Expenditure, excluding Famine Relief and Loss by Exchange.	
		Excluding Famine Relief and Loss by Exchange.	Famine Relief.	Net Loss by Exchange.	TOTAL.	Surplus.	Deficit.	Surplus.	Deficit.
	£	£	£	£	£	£	£	£	£
1862–63	45,143,752	43,027,689	15,786	272,931	43,316,406	1,827,346	—	2,116,063	—
1863–64	44,613,032	44,319,587	5,230	209,868	44,534,685	78,347	—	293,445	—
1864–65	45,652,897	45,751,136	—	95,282	45,846,418	—	193,521	—	98,239
1865–66	48,935,220	46,128,891	—	40,261	46,169,152	2,766,068	—	2,806,329	—
*1866–67	43,122,433	44,078,405	348,575	212,944	44,639,924	—	2,517,491	—	1,955,972
1867–68	48,534,412	49,145,968	230,506	165,635	49,542,107	—	1,007,695	—	611,554
1868–69	49,262,691	51,879,249	4,600	152,872	52,036,721	—	2,774,030	—	2,616,558
1869–70	50,901,081	50,596,844	83,230	102,338	50,782,412	118,669	—	304,237	—
1870–71	51,413,686	49,493,898	448	436,350	49,930,696	1,482,990	—	1,919,788	—
1871–72	50,110,215	46,807,895	5,531	172,612	46,986,038	3,124,177	—	3,302,320	—
1872–73	50,219,489	47,989,381	763	463,673	48,453,817	1,765,672	—	2,230,108	—
1873–74	49,598,253	46,949,852	3,884,707	591,362	51,405,921	—	1,807,668	2,648,401	—
1874–75	50,570,171	47,505,509	2,242,922	502,543	50,250,974	319,197	—	3,064,663	—
1875–76	51,310,063	48,096,261	510,564	1,034,293	49,641,118	1,668,945	—	3,213,802	—
1876–77	55,995,785	54,356,650	2,145,431	1,676,482	58,178,563	—	2,182,778	1,639,135	—
1877–78	58,969,301	56,074,474	5,345,775	1,092,139	62,512,388	—	3,543,087	2,894,837	—
†1878–79	65,199,602	59,967,277	313,420	2,884,659	63,165,356	2,034,246	—	5,232,325	—
			15,117,468	10,106,944		15,185,657	14,096,270	31,665,442	5,282,323

* 11 months. † See F. and R. A., 1878–79.

We will now trace in outline the measures by which this result has been brought about.

The deficits of the Mutiny period, though alarming in amount, ceased immediately upon the close of hostilities, the consequent military reductions, and the general expansion of trade and national prosperity which fortunately accompanied the re-establishment of British rule. The excessive

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customs duties which had been imposed in the hour of panic, were found to be working their natural result, and had speedily to be reduced. The direct taxation which Mr. Wilson imposed in the form of an income tax, underwent various modifications at the hands of his successors, and eventually was allowed to expire in 1873–74. The first five years, however, after the Mutiny exhibited either an equilibrium or a substantial surplus; but in 1866–67 there was a deficit of 2½ millions, to which the two following years added a further deficiency of nearly 4 millions. This result was attributable partly to the temporary stagnation of Indian trade in connection with the European crisis of 1866, and a succession of bad harvests in India, partly to a fall in the price of opium, partly to the ever-increasing demands of an administration which was yearly becoming more efficient, more active, and consequently more costly. The expenditure on ordinary Public Works had risen from 4 to between 6 and 7 millions per annum, and it became apparent that, satisfactory as was the annual growth of the national revenue, the imperative calls upon it were increasing at a still faster rate, and could be met only by a change of system. To this view may be traced the initiation of the two great financial measures of recent years, (1st) the scheme known as that of the "Extraordinary," or "Productive Public Works," and (2nd) the decentralization of the Provincial Finances. Of the first of these a detailed account

Chesney's *Indian Polity*, p. 447.

will be given hereafter;* at present it is enough to say that it proceeded on the principle that while every form of non-productive public work should be paid for out of revenue, loans might be contracted for such works as would yield a direct profit to the Government on their cost. Of the "decentralization" measures, the first and most important was that carried out under Lord Mayo's administration in 1870. By this the powers and responsibilities of the local governments in respect of public expenditure were greatly enlarged. Up to this time the whole task of controlling expenditure, and the whole responsibility for the ultimate result, lay with the Supreme Government; and the local governments, which had no responsibility and thus no immediate object in economy, while they had a very direct interest in the improvement of their populations, naturally showed more anxiety to obtain a large share of the public funds than to adjust their expenditure to the general financial position of the Empire.

F.S. March 6, 1879.

Resolution, 14th December 1870.

It was resolved accordingly to entrust to the local governments certain important departments of the administration, to hand over to them certain specified funds for the purpose of meeting the expenditure thus involved, and to hold them responsible for obtaining, either by economies, rearrangement, or, if necessary, local taxation, the

* See *post* under "Public Assets," p. 127.

means for defraying any outlay beyond that covered by the allotment. Cost of jails, registration, police, education, medical services, printing, roads, and some other items, were thus handed over to the several provincial administrations, a corresponding allotment of revenue being made to each.

The gross sum made over for these services was about 4½ millions; this has subsequently been increased, by the further development of the system, to 5½ millions, and the Government is gradually extending it, as opportunities offer, in various parts of the Empire.

F.S. 1878.

Bengal is now responsible for all civil expenditure, except that on opium, and for all loss on its productive public works. It has the benefit of all branches of income, except land revenue, opium, and salt. The success of the scheme in this Province has been so marked that Bengal has already been able to make a material contribution to the Imperial revenue from the large margin of profit which accrued to her under the arrangement. Similar measures will hereafter be carried out elsewhere.

All authorities concur in attesting the excellent results of these measures as regards economy and activity in the local administrations. The continuous growth in local expenditure has been successfully arrested; every branch of the provincial administrations has received a wholesome stimulus towards care in the use of public funds; the local

governments have been relieved from a minute financial control, which was a constant source of irritation, and the Government of India from duties of supervision, which threatened to overwhelm it. The next few years will, it may be hoped, witness the development of a scheme, whose substantial success is already beyond dispute.

Every year since 1868–69 has shown a substantial surplus revenue over ordinary expenditure: but extraordinary causes have on several occasions turned the surplus into deficit. In 1873–74 an outlay of nearly 4 millions on famine relief in Behar involved a deficit of 1¾ millions, and a further expenditure of more than two millions on the same object in the ensuing year, convinced Lord Northbrook of the necessity of treating famine relief as a normally recurring cause of expenditure, and of providing for it out of a surplus to be established in ordinary years. The experience of the next few years was destined to exemplify with terrible emphasis the wisdom of such a precaution. In 1875 a series of calamitous seasons began in Southern India, and before the close of the famine in 1878 an outlay of more than 9 millions had been incurred in measures of public relief. In reviewing the financial position in 1877, Sir John Strachey reaffirmed the principle laid down by Lord Northbrook, and explained how the funds necessary for its realisation could be provided

Resolution, 23 April, 1874.

F. S., 15 May, 1877.

simultaneously with several great tariff reforms, which it was desirable to effect with the least possible delay. These means, the Financial Minister considered, were to be found in the further development of the measures of financial decentralisation inaugurated by Lord Mayo in 1870. Those measures had everywhere been crowned with success, but the arrangements for their extension were complete only for Bengal and the North-Western Provinces. In both of these provinces the local government had agreed to accept the responsibility of their Productive Public Works, and provide, if necessary, by taxation for any loss which they might temporarily involve. The relief thus afforded to the Imperial treasury rendered it possible to make considerable sacrifices of the customs revenue derived from sugar and salt.

27 December, 1877.

At the close of the year Sir John Strachey explained more fully the means by which the policy of securing an adequate surplus was to be carried out. The relief of famine in the last five years had cost 16 millions sterling; and when every allowance was made for the exceptional badness of the seasons, it would not, he thought, be safe to reckon that a less sum than 1½ millions per annum would be adequate to provide for the relief of future famines. In addition to this the accidental outgoings of a great Empire called for a margin of income, which could not properly be placed at less than half a million. A surplus of two millions had, accordingly, to be

provided; but the revenues and expenditure of India were scarcely more than in equilibrium, and the margin must therefore be found either by retrenchment, development of existing revenues, or fresh taxation. Under the first head, the decentralization measures carried out at the beginning of the year had relieved the Government to the extent of £400,000; under the second, additional local taxation had been imposed in Bengal and the North-West Provinces, and was to be introduced throughout the country; the balance might be expected to accrue from the normal growth of revenue.

The Budget of the following year was remarkable for several important reforms in the tariff. The sugar duties—an impost on every ground objectionable—were sacrificed at a cost to customs' revenue of £155,000. The arrangements for the abolition of the great Inland Customs Line, maintained for the sake of the salt duties, were advanced far towards completion, and a step was taken towards the abandonment of the duties on imported cotton goods, by exempting certain classes of piece goods which contained no yarn finer than "thirties" (*i.e.* yarn of which 30 hanks of 840 yards apiece weigh a pound), and the coarser classes of yarns. The duties on railway materials and 26 other major heads of imports were removed, with the result of leaving only 35 out of 62 articles taxable under the existing rules.

F. S., 18 Mar., 1878.

In 1879 the arangements for the equalisation

of the salt duties were complete, and on the 1st April 1879 the Inland Customs Line was finally abolished. The removal of this vast barrier, 2,274 miles in length, and maintained by a little army of 223 officers and 11,700 men, at an annual cost of £162,000, had long been an object of desire with the Indian Government, and Sir John Strachey, its arch-enemy, had the satisfaction of delivering its *coup de grace*. Another fiscal reform of great importance was the extension to all kinds of goods containing no yarns finer than "thirties" of the privilege conceded to certain classes of them by the resolution of the previous year. The policy of the measure was hotly questioned, and its opponents gathered strength from the circumstance that the country was engaged in war, and that the loss by exchange for the year was now estimated at nearly 4 millions, an outgoing of 3⅔ millions more than would have resulted from the same remittances in 1872–73, the last year before the disturbance in the equilibrium between silver and gold. The amount by which the loss exceeded the estimate of the previous year, 1⅓ million, was greater, it was pointed out, than the entire sum, £1,077,000, raised by the taxation which had been imposed for the purpose of providing a margin of revenue for famine relief. In this sense "the famine surplus had disappeared."

F. S., 1879-80.

Vigorous retrenchments were at once set on foot, and the results bore strong testimony to the inherent

soundness of the financial position. Despite the loss on exchange, the year 1878–79 closed with a surplus—excluding the exceptional expenditure on war and famine relief—of three millions: the estimated surplus of the following year, 1879–80, excluding the same items, was nearly five millions, that of 1880–81 4½ millions. On the introduction of the Budget in March 1880, it was accordingly hoped that the whole of the expenses of the Afghan war and frontier railways, then estimated at 9½ millions, might be met from current income. The subsequent discovery of a serious error in the Military Estimates, rendered it necessary to provide for a portion of the outlay by loan, and the war will probably add about 5 millions to the Public Indebtedness. Against this, however, may be set the Frontier Railways, on which 4 millions will have been expended, and which, being of permanent strategical importance, might at any time with great propriety have been constructed with borrowed funds. Towards these highly favourable results it was computed that the increased taxation, imposed during the three years, had contributed an aggregate sum of 3½ millions. It was now determined to give up £340,000 of the £820,000 raised by the license tax on the trading classes, by exempting all incomes under £50, a surrender which will reduce the annual proceeds of the tax to about half a million sterling.

Parly. Return No. 279.

F. S. 1880-81.

The following statement shows in detail the

STATEMENT showing the REVENUE and EXPENDITURE and in ENGLAND, for the Year

—	Gross Revenue.	Deduct: Cost of realisation of Revenue, *vide* items printed in italics in col. 1 per contra.	Net Revenue.
	£	£	£
Land Revenue	22,330,586	2,966,489	19,364,097
Tributes and Contributions	703,660	—	703,660
Forest	605,433	454,934	150,499
Excise	2,619,349	87,839	2,531,510
Assessed Taxes	900,920	37,617	863,303
Provincial Rates	2,638,835	64,431	2,574,404
Customs	2,326,561	200,417	2,126,144
Salt	6,941,120	404,743	6,536,377
Opium	9,399,401	1,698,730	7,700,671
Stamps	3,110,540	115,452	2,995,088
Mint	172,335	103,991	68,344
Miscellaneous	374,365	306,689	67,676
Minor Departments	*84,977*		
Law and Justice	*880,626*		
Police	*211,108*		
Marine	*250,595*		
Education	*147,425*		
Medical	*44,332*		
Stationery and Printing	*47,096*		
Post Office	*911,806*		
Telegraph	*426,694*		
Receipts in aid of Superannuation Allowances	*667,485*		
Interest	*628,367*		
Army	*974,781*		
Gain by Exchange	*474,485*		
Public Works—Ordinary	*750,517*		
Productive Public Works	*6,575,230*		
		Revenue Receipts of various Public Departments taken in reduction of Gross Expenditure *per contra*.	
	£65,198,629		£45,681,778
Deduct: Refunds and Drawbacks as per contra	. . .	. . .	406,562
Total Revenue, Gross	£65,198,629	Net	£45,275,211

NOTE.—In order to make this surplus agree with that shown in the Finance and Expenditure columns respectively; they are omitted from this Statement as being Funds in the hands of the Government of India.

(Gross and Net) of the GOVERNMENT of INDIA, in INDIA ended the 31st of March 1879.

—	Gross Expenditure.	Deduct: Revenue Receipts, *vide* items printed in italics in col. 1 per contra.	Net Expenditure.
	£	£	£
Administration	1,487,852	—	1,487,852
Minor Departments	355,347	84,977	270,370
Law and Justice	3,437,790	880,626	2,557,164
Police	2,419,119	211,108	2,208,011
Marine	548,703	250,595	298,108
Education	978,254	147,425	830,829
Ecclesiastical	155,200	—	155,200
Medical	669,059	44,332	624,727
Stationery and Printing	471,470	47,096	424,374
Political	448,793	—	448,793
Post Office	1,033,327	911,806	121,521
Telegraph	470,790	426,694	44,096
Allowances, &c., under Treaties	1,826,484	—	1,826,484
Civil Absentee Allowances	231,561	—	231,561
Superannuation and Retired Allowances	1,997,327	667,485	1,329,842
Interest	4,954,021	628,367	4,325,654
Army	*17,092,488	974,781	*16,117,707
Loss by Exchange	3,359,144	474,485	2,884,659
Famine	313,420	—	313,420
Public Works—Ordinary	5,176,012	750,517	4,425,495
Productive Public Works	8,174,923	6,575,230	1,599,693
Land Revenue	*2,966,489*		
Forest	*454,934*		
Excise	*87,839*		
Assessed Taxes	*37,617*		
Provincial Rates	*64,431*	Cost of realisation of Revenue, taken in reduction of Gross Revenue per contra.	
Customs	*200,417*		
Salt	*404,743*		
Opium	*1,698,730*		
Stamps	*115,452*		
Mint	*103,991*		
Miscellaneous	*306,689*		
	£62,042,416		£42,525,560
Refunds and Drawbacks	406,562		
Total Expenditure, Gross	£62,448,978	Net	£42,525,560
SURPLUS	2,749,651		2,749,651
	£65,198,629		£45,275,211

Revenue Accounts, sums of £973 and £716,378 should be added to the Revenue and merely adjusting entries connected with the Balances of the Provincial and Local

* Of this sum £676,890 was due to the war in Afghanistan.

revenue and expenditure of the government for 1878–79, distinguishing, by means of italics, those items on the revenue side which result in a net gain to Government, from those which are a mere set-off against a larger expenditure; and those items on the expenditure side which result in net expenditure, from those which are only the outgoings of departments which, on the whole, result in income.

Having now seen how the Government of India stands as to annual income and expenditure, we may proceed to ascertain the final financial result which has been attained. The following statement of Assets and Liabilities shows the precise position of the Indian Government at the close of the official year, 1878-9, the last for which the accounts have been completed:—

Statement of the Liabilities and Assets of the Government of India in England and in India on 31st March 1879.

Liabilities.	£	*Assets.*	£
Total registered debt	137,868,043	Cash balances	13,910,078
Temporary debt	1,000,000	Value of buildings, land, &c. in England	1,079,100
Treasury notes outstanding	1,970,751	Amounts advanced to guaranteed companies re-payable	7,519,626
Balance of sums received on account of service funds	2,104,686	Loans to native states, &c.	3,282,315
Savings-bank balances	1,912,401	Expenditure on Productive Public Works	33,475,921
Balances of excluded local funds	224,714	Miscellaneous	80,000
Balances of deposits	5,828,493	Balance	92,337,750
Political trust, prize, and railway funds	1,086,874		
Deposits by native princes (not included above)	1,824,323		
Balance of capital of guaranteed companies	358,122		
Bills payable	1,490,998		
Miscellaneous	1,015,385		
	£156,684,790		£156,684,790

Debt.

We will now examine the figures of the statement in detail. The first item is the Registered Debt, amounting to nearly 138 millions. This consists of

Debt bearing interest -	£78,797,856	in India.
F. & R. A. 1878-9, p. 158.	59,008,200	in England.
	£137,806,056	
Debt not bearing interest	41,070	in India.
	20,917	in England.
Total - - -	£137,868,043	

The average rate of interest on the Indian debt was £4 2*s.* 8*d.*, and the sum thus payable was £3,257,728. The average rate of interest on the English debt was £4 5*s.* 1 *d.*, and the sum thus payable was £2,532,328.

The following Table shows the growth of the Debt since 1840:—

	Official Year ended		Debt. Mil. £ *
	30th April,	1840	29·97
	,, ,,	1841	31·13
S. A. 1877-8, p. 148.	,, ,,	1842	33·48
	,, ,,	1843	35·79
	,, ,,	1844	37·22
	,, ,,	1845	38·66
	,, ,,	1846	38·89
	,, ,,	1847	41·76
	,, ,,	1848	43·81
	,, ,,	1849	45·56
	,, ,,	1850	48·25
	,, ,,	1851	49·26
	,, ,,	1852	49·05
	,, ,,	1853	49·69
	,, ,,	1854	47·06
	,, ,,	1855	48·70
	,, ,,	1856	50·85
	,, ,,	1857	52·28

* (0,000 omitted.)

Official Year ended			Debt. Mil. £ *
30th April,	1858	.. .. ..	61·93
„ „	1859	.. .. ..	73·66
„ „	1860	.. .. ..	89·93
„ „	1861	.. .. ..	94·56
„ „	1862	.. .. ..	98·58
„ „	1863	.. .. ..	96·83
„ „	1864	.. .. ..	90·95
„ „	1865	.. . ..	90·73
„ „	1866	.. .. ..	90·51
31st March,	1867 (11 months)	..	93·58
„ „	1868	.. .. ..	95·48
„ „	1869	.. .. ..	96·19
„ „	1870	.. .. ..	101·75
„ „	1871	.. .. ..	104·33
„ „	1872	.. .. ..	106·96
„ „	1873	.. .. ..	105·47
„ „	1874	.. .. ..	107·53
„ „	1875	.. .. ..	118·45
„ „	1876	. .. ..	122·57
„ „	1877	.. .. ..	127·32
„ „	1878	.. .. ..	134·63
„ „	1879	.. .. ..	137·86

* (0,000 omitted.)

From this Table it appears that after the close of the period of abnormal expenditure due to the Mutiny, the debt, having reached its highest point in 1861-2, when it was 98¼ millions, began to decline till the end of 1865-6, when it stood at 90¼ millions. In 1867-8 the systematic borrowing for Productive Public Works began, and from that period till the present time the debt has gone on increasing, reaching, in 1878-9, the sum of £137,868,000. Of this increase, a large portion, about 33½ millions, has been spent on the class of State projects known as "Productive Public Works," viz. 11¼ millions on Irrigation, 22 millions on State Railways, and ¼ million on the Madras Harbour Works. How far this expenditure is justified by the result, we will consider when we come to the item among the

F. & R. A. 1878-9, p. 12-13.

assets of the Government.* Meanwhile, let it suffice to say that 33½ millions of the debt are thus explained.

Another item which has gone to make up the increase of the debt is 4½ millions spent in 1874 in the redemption of the dividend due to the holders of East India Stock, and not, therefore, to be regarded as a real increase of indebtedness.

The 33½ millions mentioned above as borrowed for Productive Public Works, represent only a portion of the State expenditure on works of public improvement. In the first place there had been, up to the close of 1878-9, an expenditure of nearly 8 millions from ordinary revenue on these very works; besides this there has been, in the course of the last twenty years, a vast expenditure on objects, which, though not technically "remunerative" in the sense of showing a dividend on outlay, are none the less conducive in a high degree to the well-being of society, the wealth and prosperity of the country, and the development of its resources. Such works are roads, barracks, courts, jails, dispensaries, and other civil buildings. An explanation of the effects of this expenditure is given in a memorandum by Sir John Strachey, in which he contrasted the India of thirty or forty years ago with its present condition.

Mem. by Sir J. Strachey to Committee of House of Commons.

"It is not too much to say that there was then, comparatively speaking, little in India of what we now think the first necessities of a civilized administration. When I went from Calcutta to my first station in the North-Western Provinces, I was carried about a thousand

* p. 127.

miles in a box on men's shoulders; there were no other means of travelling through the richest and most advanced and most important parts of India. Speaking broadly, roads and bridges had but begun to appear; there were no canals to save the people from destruction by famine, or those that existed were on a very small scale; there were few barracks in which English soldiers could live with tolerable health and comfort; there were few jails in which a sentence of imprisonment did not carry with it a serious probability that it would prove a sentence of death. The country at that time was entering on a phase of rapid change. The firm establishment of order was followed by improvements in all directions.

"Ten thousand things were demanded which India had not got, but which it was felt must be provided. The country must be covered with railways and telegraphs, and roads and bridges. Canals must be made to preserve the people from starvation. Barracks must be built and every sort of sanitary arrangement be carried out.

"This was not only true in regard to matters of Imperial concern. Demands for improvement, similar to those which fell upon the Central Government, cropped up in every city and in every district of the country.

"Twelve or fifteen years ago, in Calcutta there was no drainage. The filth of the city rotted away in the midst of the population in horrible pestilential ditches, or was thrown into the river, there to float backwards and forwards with every change of the tide. To nine-tenths of the inhabitants clean water was unknown. They drank either the filthy water of the river, polluted with every conceivable abomination, or the still filthier contents of shallow tanks. The river, which was the main source of supply to thousands of people, was not only the receptacle for ordinary filth; it was the great graveyard of the city. I forget how many thousand corpses were thrown into it every year. I forget how many hundred corpses were thrown into it from the Government hospitals and jails alone, for these practices were by no means confined to the poor and ignorant; they were followed or allowed, as a matter of course, by the officers of the Government and of the municipality.

I wish the Committee could have seen the sights which were to be seen in Calcutta in those days, in the hospitals, and jails, and markets, and slaughter-houses, and public streets. The place was declared by myself, in official reports which I sent to the Government, when Sanitary Commissioner in the year 1864, of which, the language, although strong, was not, and could not be, stronger than the truth required, to be hardly fit for civilized men to live in.

"Only about a year ago, in the great city of Rangoon, containing more than 100,000 people, with half a million tons of shipping, there was not a single public lamp, no supply of wholesome water, not a single drain except the surface drains at the sides of the streets, and no proper means of removing the nightsoil and filth out of the town.

"When I say that, to a great extent, the requirements of civilized life and modern administration have had to be provided for India, for the first time, within the space of a few years, I do not speak only of material objects, of roads, and railways, and canals, and barracks and city improvements, and so forth. The demand for improved administration has been so strong that it is not too much to say that the whole of the public services have been reorganised."

These enormous and diversified wants have been to a large extent supplied at an outlay ranging from 6¼ to 3 millions per annum. The amounts thus expended on public works annually since the beginning of 1867-8 have been as follows:—

Expenditure on Ordinary Public Works, excluding Railways, during each of the undermentioned years.

Parliamentary Return, 8 July, 1880. No. 279, p. 8.

1867-8.	1868-9.	1869-70.	1870-1.	1871-2.	1872-3.
5,637,000	6,291,000	5,052,000	4,014,000	3,963,000	3,606,000
1873-4.	**1874-5.**	**1875-6.**	**1876-7.**	**1877-8.**	**1878-9.**
3,167,535	3,471,000	3,630,000	3,519,000	3,676,000	5,176,000

This shows an expenditure of more than 51 millions since 1867-8 on Public Works of

improvement, other than those classed as "Productive." The years 1879-80 and 1880-1 will add another 10½ millions to the sum so spent.

Amongst other things, the entire country has been supplied with the means of telegraphic communication at a cost of 3½ millions, and besides the enormous advantages thus received for Government and the public, a valuable net income has been secured. In 1878-9 the net profits of telegraphs were £19,000.

F. & R. A. 1878-9. p. 186.

F. & R. A. 1878-9. P. 39.

Even this, however, does not represent the whole of the expenditure on works of public improvement.

The development of the great railway system involved a large initial outlay. While the railways were under construction, and during the period which elapsed before the people had become accustomed to their use, they necessarily failed to earn the 5 per cent. interest which the Government had guaranteed on the capital embarked in them. During these years the Government has had to make good the sum by which the net earnings on any of the lines have fallen short of 5 per cent. The sums thus paid since 1869 have been as follows:—

Excess of Guaranteed Interest over net Traffic Receipts.

S. A. 1877-8, p. 105.	1868-9.	1869-70.	1870-1.	1871-2.	1872-3.	
	£1,700,470	1,547,064	1,834,811	1,723,218	2,110,501	
F. & R. A. 1876-7, 1877-8 & 1878-9.	1873-4.	1874-5.	1875-6.	1876-7.	1877-8.	1878-9.
	1,437,852	1,244,562	975,310	277,163	*675,085	739,360

* In this year there was a net profit to Government of £675,085.

The total deficiency thus made good and the share of profits paid to those railways which had earned net profits in excess of 5 per cent., amounted on the 31st March 1879 to nearly 27 millions.

F. & R. A. 1878-9, p. 179.

This payment must be regarded as part of the expense of developing the railway system; it has become gradually smaller; in 1877-8 for the first time, more than the guaranteed interest was earned; and in 1880-81, it is expected the charge will finally disappear altogether. The Railway system will, undoubtedly, in future years, prove a national possession of the utmost value.

Objection has sometimes been taken to the rule by which the outlay on productive public works is separated in the accounts from ordinary expenditure. These works, it is said,—however advantageous—are not, for that reason, any the less an outgoing, which should take its place like any other heading of expense, and the capital expended by the State upon them, either directly or in the form of a guarantee of interest, should be shown as part of the National Debt. Without criticising the soundness of this objection, it may be replied that this way of stating the case is eminently favourable to the Indian Government, for the effect would be that the National Debt would still be a small one, while the interest rate would be the lowest in the world. Taking the public indebtedness on the 31st of March 1879, as thus calculated, at 236

millions, viz. public debt, 138 millions, and Guaranteed Companies, 98 millions; and putting on the one side all charges for interest and maintenance, and on the other all revenue from public works, the result would be that the rate of interest paid on the total capital would stand for the year 1878–79 at a little over 2½ per cent. At the close of the following financial year, the amount of combined debt stood at 249 millions, and the interest payable thereon at about 2 per cent., whilst, from the most recent data, it appears that at the close of the year 1880–81, the debt will amount to 256 millions, and the interest, after allowing for the net revenue from guaranteed railways and productive public works, will not quite reach 1½ per cent. The following table shows how this result is arrived at:

—	1878-79. Actual.	1879-80. Estimate.	1880-81. Estimate.
	£	£	£
Interest on Debt other than that for Productive Public Works	4,575,069	4,451,735	4,014,000
Interest and Maintenance of Productive Public Works .	8,174,923	8,676,185	8,615,200
	12,749,992	13,127,920	12,629,200
Deduct: received from Productive Public Works, including Guaranteed Companies	6,575,230	8,089,967	8,928,000
	6,174,762	5,037,953	3,701,200
Total Debt at close of each year, including capital of Guaranteed Companies .	236,000,000	249,000,000	256,000,000

The 138 millions of interest bearing debt out-

standing on the 31st March 1879, had risen by the 31st March 1880 to

£82,564,224	in India,
68,834,639	in England.
£151,398,863	

This increase was occasioned partly by the transactions connected with the acquisition by the Government of the East India Railway, which involved the creation of £5,115,939 Four per Cent. Stock, employed in the purchase of a portion of the annuity for which the concern was bought. Another cause of increase, to the extent of 4½ millions, was the transfer to the Crown of the debenture debt of the Company, which was one of the terms of the transfer.

In the summer of 1880 a 4½ per cent. loan for 313 lakhs was opened in Calcutta, and disposed of at a premium of $3\frac{3}{16}$, 26½ crores having been tendered.

In July of the same year, a portion of the English debt, £17,200,000, which bore interest at 5 per cent., was discharged, 15½ millions being converted into a Four per Cent. Stock, and the balance paid off in cash at par.

In December 1880 a 3½ per cent. loan of £3,500,000 was opened in London, and negotiated at prices ranging from £104 5*s.* to £103 11*s.*, mostly at the higher price. 14½ millions were tendered.

The total debt, accordingly, in England and

India now stands at about 158 millions. The charge for interest, however, has, owing to the improved credit of the Government and the better terms obtainable, steadily declined. Its course for the last 10 years has been as follows :—

NET CHARGE FOR INTEREST ON DEBT.

Parliamentary Return, No. 279.

(*Three 0's omitted.*)

	1871-2.	1872-3.	1873-4.	1874-5.	1875-6.	1876-7.	1877-8.	1878-9.	1879-80.	1880-1.
Net Interest on Public Debt other than that incurred for Productive Public Works .	£ 5,386	£ 5,058	£ 4,930	£ 4,305	£ 4,268	£ 4,371	£ 4,500	£ 4,326	£ 4,121	£ 3,736
Interest on Debt incurred for Productive Public Works .	217	293	408	564	734	896	1,068	1,408	1,597	1,725

This statement shows that the charge for interest on the Public Debt, including that incurred for Productive Public Works, has sunk from £5,603,000 to £5,488,000, and, excluding the Productive Works Debt, from 5½ millions to 3¾ millions; and, now that it has been discovered that the Indian Government can borrow in London at less than 3½ per cent., a still larger reduction in the interest will be possible. The whole of the English Debt, 68¾ millions, falls in at various dates between the present time and October 1888; and the interest rate, which in 1879 averaged 4¼ per cent., and sank in the next year to a fraction over 4 per cent., will by that time be only 3½ per cent. As, moreover, the interest on the capital of the Productive Public Works, is calculated at 4½ per cent., it is obvious that they are debited with a larger interest charge than they really involve, and that their net earnings

are to that extent greater than they appear in the accounts. In the meantime, a comparison of the present interest charge with that of 40 years ago shows how little ground for alarm, so far as indebtedness is concerned, the Indian Finances afford. In 1840 the annual interest was 1½ million; in 1879–80 it was 5½ millions, showing an increase of 4 millions. Of this, the interest on money sunk in Productive Works is for 1880-1 1¼ millions, and is more than covered by the net earnings of the various undertakings, which in 1880-1 are estimated at £1,807,000.

F. S. 1880-1. Appendix, Tables VII. and VIII.
State Railways £596,000
Irrigation . £1,211,000

The rest of the increased charge, 2¼ millions, must be regarded as the charge involved by all the wars since 1840, the suppression of the Mutiny, the Famines, and the general improvements described above. The important fact is that the charge for interest is less now than it was ten years ago. As compared with its foreign trade the debt of India is less than that of the United Kingdom, and infinitely less than those of France, Russia, or the United States.

See Table at p. 122.

Comparison of Indian Trade and Debt with that of other Nations in 1878-79.

	Population in Millions.	National Debt in Millions Sterling.	Foreign Trade in Millions Sterling.
United Kingdom	34	776	611
France	37	795	367
Russia	88	409	109
United States	47	416	226
India	200	138	122

Returning to our examination of the Statement of Assets and Liabilities,* we find that the Registered Debt does not represent the entire indebtedness of the Indian Government. There are in the first place temporary debts, borrowed from the Bank of England for short periods to meet any exceptional pressure on the Home Treasury, owing to failure of the ordinary remittances or other causes. At the close of 1878-9 the indebtedness under this head was 1 million sterling.

Temporary Debt. F. & R. A. 1878-9, p. 159.

In the next place there are Treasury Notes issued to the Service Funds, representing a State liability, which amounted at the close of 1878-9 to £1,970,751.

Treasury Notes. F. & R. A. 1878-9, p. 159.

The Government of India is the depository of various funds formed by subscription of its officials for the benefit of their widows and orphans, and in some cases towards their own pensions; a large sum is paid every year in various forms of pension, to which these contributions may be regarded as a partial set off. The sums thus held amounted at the close of 1878-9 to £2,104,686.

Service Funds. F. & R. A. 1878-9, p. 160.

The balances of the Government Savings' Banks at the Presidency Towns, the District Savings' Banks, and Regimental Savings' Banks amounted at the close of the year to £1,912,401.

Savings' Banks' Balances. F. & R. A. 1878-9, p. 160.

There are various public bodies, such as

* p. 112.

Excluded Local Funds F. & R. A. 1878-9, p 161. See F. S 1878-9, § 3&4.

Municipalities, Port Trusts, &c., whose revenues are not incorporated in the general accounts of the Empire, and which are consequently termed "Excluded local funds." Some of them bank with the Government, and the funds standing to their account under this heading on 31st March, 1879-80, aggregated £224,714.

Balances of Deposits. F. & R. A. 1878-9 p. 161. and Accounts 51 & 52, p. 141.

The rest of the provincial and local revenue standing to the account of the various local Governments, amounting on 31st March, 1879, to £2,405,065, is entered under the heading of "Deposits." Under this heading also appear all miscellaneous deposits, such as those by various departments, courts, &c. The total amount of deposits, including the £2,405,065 just mentioned, on March 31st, 1879, was £5,828,493.

Political Trust, Prize and Railway Funds. F. & R. A. 1878-9, p. 164.

There is another class of deposits, the principal items of which are a fund entitled Baboo Begum's Stipend Fund, the Nizamut Stipend Fund, and Prize Funds. The amount for which the Government was responsible on March 31st, 1879, was £1,086,874.

Deposits by Native Princes. F. & R. A. 1878-9, p. 78.

The Government of India was also responsible on the same date for £1,824,000, principally deposited by the late King of Oudh. This item is not repayable, but it involves a permanent annual liability to various charities and pensions.

The various Guaranteed Companies deposit the capital, which from time to time they raise, with the Government until they have occasion to use it. Some of the companies, however, have overdrawn their capital account; the amount thus overdrawn amounts to £821,384. The net amount held by the Government of India at the close of 1878-9 was £358,122.

Balance of Capital of guaranteed Railway Companies. F. & R. A. 1878-9, p. 181.

The item £1,490,988, under "Bills payable," represents bills drawn on India by the Secretary of State, &c., outstanding on March 31st, 1879.

Bills payable. Parliamentary Return, 27th June, 1879.

The sum of £1,015,385 entered under "Miscellaneous" is thus made up:—

Miscellaneous. East I. Home. Accts. 1877-8. Acc. No. 3.

East India Stock,—	
Capital Unclaimed . .	£8,189
Dividends Unclaimed . .	22,196
Estimated amount owing for stores . .	95,000
Due to the Imperial Government for non-effective military charges. (This charge is adjusted from time to time as convenient)	890,000
	£1,015,385

Assets. We now come to consider the Assets.

The first item, "Cash balances," was divided as follows:

Cash balances. F. & R. A. 1878-9, p. 65.

£12,792,153	was in the Indian Treasuries.
1,117,925	,, England.
£13,910,078	

The next asset is "Buildings, &c. in England."

Buildings in England. E.India Home Acc., 1877-8. Account No. 3.

It includes £540,000, the estimated value of the India Office, Cooper's Hill College £100,000, and other property of the Government in houses or lands.

Amounts advanced to Guaranteed Companies, repayable. Home Acc. 1877-8. Acc. No. 3.

The next item is 7½ millions due by the Eastern Bengal Railway, the Oudh and Rohilkund Railway, and the Madras Irrigation Company, for money advanced on account of guaranteed interest in excess of their net revenue balances. The sums thus owing by the other Railways were abandoned by the Secretary of State in 1870. Besides money due for interest a sum of £372,000, the outstanding balance of a loan, is due by the Madras Irrigation Company.

Loans to Native States. F.& R.A. 1878-9. p. 166.

We next come to 8¼ millions, lent by the Government to Native States, Municipalities, &c. for purposes of improvement. The rate of interest is generally 5 per cent. All public bodies, as a rule, borrow through the Government.

The next item, "Productive Public Works," is of the utmost importance, and it is desirable to scrutinize it with care. It represents:—

Productive Public Works. F. & R. A. 1878-9, p. 14.

£11,252,356	expended on Irrigation and Navigation.
21,964,209	on State Railways.
259,356	Madras Harbour Works.
£33,475,921	

The history of the expenditure classed as Productive Public Works is as follows:—

8th Aug., 1864.

In 1864 the Secretary of State definitely accepted the view—(1) that the State should itself undertake the construction of Irrigation Works, discarding the agency of companies; and (2) that, when the surplus funds of the Government were insufficient for this purpose, loans should be raised.

Upon this it was pointed out that the sum probably available for such a purpose would not exceed £300,000, and in no case would it be more than £500,000; that the sum likely to be required during the next ten years for the proper extension of Irrigation Works was about 30 millions; that a loan of 20 millions was necessary to carry out the scheme satisfactorily; that the accounts of the works so constructed ought to be kept separate from the ordinary revenues; that the aim should be the protection of the country from famine; that no scheme ought to be taken up which did not promise to be fairly remunerative; that the outlay of 20 millions would involve establishment charges of about £400,000 or £500,000, maintenance charges of £200,000 or £300,000, and an interest charge of a million, and that this might be earned as well as a surplus of profit; that the earnings would gradually overtake the expenses, so that at the end of ten years the charge was not likely to be more than ¾ million; that this could either be

Note by Col. R. Strachey, Sec. to Govt. P.W.D. 10th Feb., 1865.

paid from revenues or added to the capital borrowed, the essential question being whether the works are really worth the sum spent on them; that the financial risk was small, and one which Government was bound to run.

In the development of this project, the Government of India, in 1873, drew up a forecast of Irrigation and Railway Expenditure for the years 1872-78. The capital expenditure on Canals, including £4,589,000 already spent, was to be £30,325,000; about 8½ millions were to be spent in the six years 1872-78. The annual charge resulting from excess of interest over net revenue was calculated as ranging from 38,760 Rs. to 214,560 Rs.

18th July, 1873.

On State Railways 3 millions were to be spent annually, resulting in 2,125 miles open in 1877-8, and an annual charge for excess of interest over nett earnings of £578,000 in 1877-8.

Besides the direct expenditure on Productive Public Works, it was estimated that the guaranteed lines would involve an annual charge for the six years varying from £2,209,000 to £1,397,000, and the total annual charge for Irrigation and Railways was to be:—

1872-3	£2,378,000
1873-4	2,127,000
1874-5	2,019,000
1875-6	1,991,000
1876-7	1,987,000
1877-8	1,990,000

In 1875, some modifications were made in this scheme; the amount to be annually borrowed for it was fixed at 4 millions, viz., £2,700,000 on railways, and £1,300,000 on Canals; the annual charge on revenue for interest and maintenance was reckoned as gradually diminishing from £2,357,000 for 1872-3 to £1,939,000 for 1879-80.

11th June, 1875.

In 1876 Government announced that the fall in the value of silver had occasioned great embarrassment in carrying out this scheme; that the end of the loss, thus occasioned, could not be seen; that it had become necessary to refrain, as far as possible, from increasing payments in England by increased borrowing, and that the sphere of operations must be contracted, so far as was possible without incurring loss from sudden reduction of establishments and waste of material. The capital expenditure for Productive Public Works for the year was reduced to £3,759,000; and for the future the Government resolved to restrict its outlay in this direction to the limit of the amount which might be advantageously borrowed in India, estimating that amount for the present at 2 or 2½ millions per annum.*

F. S. for 1876-7. March 31st, 1876, p. 93.

Despatch of the Government of India, 13th October, 1876.

Misapprehension has existed as to the financial results of the works undertaken under this scheme,

* This view was upheld by the East India Public Works Committee, and has been enforced by the Secretary of State.—*See* F. S. 1880-1, § 70.

owing to the fact that in some parts of India the accounts have until recently been so constructed as to show under other headings large portions of the earnings of the Canals. The last and most complete statement of their position is to be found in the Appendix to the Financial Statement for 1880-1. It there appears that up to the close of that year, leaving aside the recently purchased East Indian Railway, there will have been expended on State Railways:—

State Railways. F.S. 1880-1. App. Table V.

Productive Public Works outlay	£26,533,000
Ordinary outlay . .	4,651,000
Total . . .	£31,184,000

The net earnings for each year since 1874-5 show a rapid increase resulting from the completion of the lines:—

F. S. 1880-1. App. Table VII.

	1874-5.	1875-6.	1876-7.	1877-8.	1878-9.	Estimate. 1879-80.	Estimate. 1880-1.
Miles Open -	221	485	683	806	1,287	2,014	2,493
Net Earnings	£44,982	96,027	92,680	131,884	236,481	364,800	596,000

The net earnings of the East Indian Railway and guaranteed lines in 1880-1 are estimated at £5,645,000. Including guaranteed, the entire railway system will have earned about 4½ per cent. on a capital of 130 millions sterling. This may be compared with the 4 per cent. earned upon a capital of 155 millions by the 14 principal English railways in the first half of 1879, and the £5 3*s.* 1*d.* per cent. earned in the first half of 1880.

Canals. On the works of Irrigation, for which capital and revenue accounts are kept, there will have been spent up to the close of the year 1880–81 :—

F.S. 1880-1. App. Table VI.

Productive Public Works outlay . . .	£12,679,800
Ordinary outlay . .	7,619,000
	£20,298,800

F. S. 1880-1. App. Table VIII. The net earnings of Irrigation Works are as follows :—

	1874-5.	1875-6.	1876-7.	1877-8.	1878-9.	Estimate. 1879-80.	Estimate 1880-81.
Productive Public Works	260,814	218,627	195,362	292,291	358,654	964,600	990,200
Works not classed as Productive	80,292	101,088	101,807	95,404	127,050	201,200	221,700
TOTAL - -	341,106	319,715	297,169	387,695	485,704	1,165,800	1,211,900

This rapid increase is due partly to the completion of the works, partly to the greater readiness of the people to make use of canal water, and partly to the improved form of accounts showing the canal earnings more accurately. The very large increase observable in 1879-80 arises from the fact that for the first time, in that year, the earnings of the Madras canals have been entered under the proper heading.

So much for the earnings of the canals as concerns the Government. Of their results to the people two instances, taken in widely removed parts of the country, will convey an adequate

idea. In the disastrous year 1876-7 there were in the Godaveri and Kistna Deltas about 800,000 acres under canal irrigation. The value of the rice raised on this acreage, where but for the canals not a blade would have been seen, has been officially computed at 5 millions sterling, or about four times the entire capital spent up to the end of that year on the two canals. Besides supporting the local population, nearly a million sterling's worth of food was exported by sea, and an amount, probably as large, by land to the surrounding unirrigated tracts and the Nizam's territory.

Since the canals were commenced in 1844 the exports of the Godaveri districts have risen from £100,000 to 1½ millions, or 14-fold; imports have increased six-fold. But for the canals, the dry season of 1876-7 must have involved wide-spread disaster: but it is believed that, leaving half the total value of the crops for merchants, brokers, and others, some 2½ millions sterling found their way during the famine into the hands of the agriculturists.

The other instance is afforded by the Punjab canals. They have cost about 4 millions, 1¼ million of which is still locked up in unfinished works. The total charge for interest on complete and incomplete works was £1,970,000 up to the close of 1877-8. At that date the completed canals in this province had earned £3,830,000 net profits, or 2 millions in excess of 4½ per cent. interest on their cost. During the drought of 1877-8 their benefits were

extended to 1½ million of acres, the greater portion of which would but for canal irrigation have been absolutely barren. During this period the land, irrigated by the two principal canals, produced food grains to the amount of 300,000 tons, worth 2 millions sterling, and enough to keep 1,800,000 people for a year, while the non-food crops,—sugar, dyes, spices, &c.—were reckoned to have been worth another million. In other words, the value of the crops saved by the two canals in a single season was more than equal to the entire cost of the completed system; or, to put the result in another way, the canals may be said to have earned the entire land revenue of the province with a million to spare.

These were, of course, the results of an exceptional reason; but advantages of the same general character are secured for the whole of the 10 millions of acres, which at the close of 1880-1 will be under canal irrigation.

In order, however, to get a fair idea of the financial results of the State investment in Productive Works, it is necessary to remember that the whole scheme must still be regarded as in its infancy, that the majority of the projects are undeveloped, that several of them are still unfinished, and that a large amount of the capital, on which the interest is calculated, is necessarily unproductive. Of the 2,500 miles, for instance, of State lines open in the current year only 220 miles were open in 1874-5; and the traffic has in no

single instance had time to develop. The course of trade and the habits of the people cannot, of course, be changed in a day. As regards canals, much of the capital is for the present locked up in unfinished works, as to the ultimate success of which no reasonable doubt can be entertained. Thus the Sone canal, on which more than 2 millions had been spent up to the close of 1878-9, is scarcely yet complete, and for the first time in that year earned a net profit £6,711; but in 1879-80 it earned a net profit of £10,000, and this year will earn £23,000. The Agra canal, which has cost ¾ million, is only just finished; it earned a net profit for the first time in 1878-9 of £10,000, which increased in the following year to £16,000, and in the present year will be £23,000. The Sirhind canal in the Punjab has had 1¾ millions spent upon it, but is still under construction, and has never earned a penny. The Lower Ganges canal had cost up to 31st March 1879, £1,389,000, but it is still unfinished and has not yet began to earn a net profit. The Orissa system, on which 1¾ millions have been spent, has, through very misguided economy, never been furnished with the necessary distributories, and has never yet, accordingly, been in a position to earn a profit; but there is reason to hope that, despite some waste and mismanagement in its earlier days, it will ultimately prove remunerative. At present all these works tend, of course, to reduce the rate

F. & R. A., 1878-9, p. 9.

F. S., 1880-1, App. Table VIII.

of dividend earned by the whole capital embarked.

Nor is this the only consideration in estimating the profits of Productive Public Works. Of the 22½ millions embarked in State Railways, nearly 6 millions were spent on the Indus Valley Line and 3 millions on the Punjab Northern from Lahore to Attock. Both of these are strategical railways of the very highest importance, and no one doubts that they ought to be constructed. Their earnings, however, consist in the saving of military transport, the economy of time, and the strengthening of our military position. It was scarcely expected that they would prove commercially remunerative in their net traffic earnings. They are doing better in this respect than was hoped, and in the present year will earn £180,000 net profits between them; but their real importance depends on other considerations.

F. & R. A. 1878-9, p. 13.

The following Table gives a summarized view of all Public Works' expenditure since 1871-2. There is shown in line 1 the net expenditure from ordinary revenue on Public Works; in line 2, the capital expenditure on Productive Public Works; in line 3, the net loss or *gain* of Guaranteed Railways and Productive Public Works, including the interest on their capital; in line 4, the interest on the public debt other than that incurred for Productive Public Works; and in line 5, the interest on Productive Public Works included in line 3.

Parliamentary Return, No. 279.

(*In this Table three* 000's *omitted.*)

	1871-2.	1872-3.	1873-4.	1874-5.	1875-6.	1876-7.	1877-8.	1878-9.	Regular Estimates. 1879-80.	Budget Estimates. 1880-1.
	£	£	£	£.	£	£	£	£	£	£
1. Net expenditure, on Ordinary Public Works	3,399	3,532	3,072	3,392	3,550	3,311	3,305	4,425	4,546	4,592
2. Capital expenditure, Productive Public Works	1,628	2.185	3,553	4,250	42,71	3,809	4,791	4,382	3,564	3,312
3. Interest on capital of Productive Public Works, shown in line 2	217	293	408	564	784	896	1,068	1,408	1,587	1,725
4. Net loss or *gain* of Guaranteed Railways and Productive Public Works, including interest on capital	2,012	2,687	2,124	1,913	1,697	1,161	35	1,600	586	*313
5. Net Interest on Public Debt other than that incurred for Productive Public Works	5,386	5,058	4,930	4,305	4,268	4,371	4,500	4,326	4,121	3,763

* Net gain to Government.

From this it appears (1) that the Government has devoted annually sums varying from 3 to 4½ millions from ordinary revenue for public works of general improvement, and sums ranging between 1½ and 4¾ millions to Productive Public Works: (2) that the Productive Public Works are now so far developed as to earn a net profit of £313,000, besides 1¾ millions interest on the capital invested in them; and (3) that the interest charge on the Public Debt, exclusive of that incurred for Productive Public Works, has sunk in the 10 years from £5,386,000 to 3¾ millions, and, including the debt so incurred, from £5,603,000 to £5,488,000. The years previous to 1879-80 show the net earnings of the Productive Public Works about £700,000 below the truth, owing to that portion of their earnings having been improperly entered under Land Revenue. The entire capital expenditure on railways, Guaranteed and State, canals, and telegraphs, up to 31st March 1881 will be £162,358,000.

Facts such as the above (and it would not be difficult to multiply them), appear to prove that the scheme of Productive Public Works, to be constructed on borrowed capital, was a wise and sound one; that it has been skilfully and prudently carried out, and has, both as regards the revenues of the State and the benefits conferred on the people, fully justified the expectations of its originators. Parts of it have naturally been more successful than others, but the investment, as a whole, has tended enormously to the wealth of the country in ordinary years and to its preservation in times of famine.

Returning to the Statement of Assets,* we find a balance of £92,337,000, for which no account is given. Against this must be set all the State property in India—the 8 millions spent from ordinary revenue on Productive Public Works, the entire telegraphic system, public buildings, barracks, jails, hospitals, courts, and churches—admirable high roads, and numerous costly improvements which have been effected in every part of the country. Against the balance must also be set innumerable moral improvements, a century of peace, public order, and personal safety, such as India had never witnessed, during which wealth has accumulated and the industries of peace, evidenced by a foreign trade of 120 millions sterling, have sprung into a vigorous life, full of promise of future national prosperity.

Balance.

* See page 112.

We have now ascertained (1) that the Indian Financiers have, since the establishment of the Budget System, succeeded in maintaining an equilibrium between revenue and expenditure; (2) that the debt has been increased only for purposes remunerative to the Government and beneficial to the country, and that the charge for interest, notwithstanding the outlay on Productive Public Works, does not increase; and (3) that the Government is solvent, and in no danger of ceasing to be so. I now pass to the consideration of the means by which that equilibrium is effected, of the relation of existing taxation to the resources of the people.

Of the 65 millions which formed the gross revenue of 1878-9, about 24 millions may be excluded as not being the result of taxation in the strict sense of the word; 9½ millions, for instance, were contributed by opium, 7½ by the Productive Public Works, ¾ million by other works; ¾ million by Tribute of Native States, £600,000 by the contributions of officials towards their future pensions; and the rest principally consists of the gross receipts of departments, such as the post office, education, &c., which involve a net loss to Government. The other 41 millions were thus made up in round numbers:—

F. & R. A. 1878-9, p. 5.

Land Revenue	22¼	millions.
Excise	2½	,,
Stamps	3	,,
Customs	2¼	,,

Salt	7	millions.
Provincial Rates . .	2½	,,
License Tax . .	1	,,

The land revenue is rather rent than taxation in the strict sense of the word, being the share of the profits of the soil to which the State, as landlord, is by immemorial prescription entitled. In average years when arrears do not swell the receipts, they are about 21 millions, but from this large deductions have to be made on account of grants by our own or former Governments, and—up to 1879-80—of canal earnings improperly credited.

Land Revenue.

The real amount and incidence of this impost is shown in the following table, framed on the best available estimate of the outturn.

R. 112.

	Land Revenue. £	Per-centage on estimated gross value of crops.
Punjab	1,910,000	5·6
North-Western Provinces and Oudh	5,565,000	7·8
Bengal	4,050,000	3·9
Central Provinces	600,000	3·8
Berar	525,000	4.6
Bombay	2,970,000	7·6
Madras	3,160,000	6·3

An idea has prevailed, based on a tabular statement in the Statistical Abstract for 1877-8, that the land revenue is a heavier burthen at present than it was forty years ago. A more careful examination, however, has shown that the increase there shown from £12,480,000 in 1840 to £22,830,000 in 1879 is owing partly to the

S. A. p. 146.

addition of 36 millions of people or 25 per cent., and 242,000 square miles of territory, with a land revenue of more than 6 millions, partly to an increase of 50 to 100 per cent. in the area of cultivation; partly to the increase in the price of agricultural produce, and in no instance to the enlargement of the share claimed by Government in the profits of the soil. In Madras, for instance, the area assessed has increased from 9¾ millions of acres in 1850 to 20 millions in 1875-6, and though the land revenue is a million sterling higher, its incidence per acre is reduced by 4½*d.* on dry land and 5*s.* on irrigated land, as the following Table shows:—

	Assessed Area.	Land Revenue.	Average Rate of Assessment per Acre. On Dry Land.	On Irrigated Land.
	Acres.	£.	R. A. P.	R. A. P.
1852-3	9,780,000	2,502,000	1 5 11	7 0 11
1875-6	20,021,000	3,426,000	1 0 11	4 8 11

Similarly in Bombay, the assessed area has increased from 12½ millions of acres in 1856 to 20⅓ millions in 1875-6, and an increase of ¾ millions in the land revenue has resulted, notwithstanding an average reduction of 4½*d.* per acre in the assessment.

	Assessed Area. Acres.	Land Revenue. £.	Assessment per Acre. R. A. P.
1856-7	12,550,000	1,647,000	1 5 4
1875-6	20,340,000	2,330,000	1 2 4

In the same manner in the North-Western Provinces, where the land revenue is calculated on the supposed value of the rental, there is no doubt that the share of the rent claimed by the Government has much decreased. Originally the theory

was that Government took 85 or 90 per cent. of the net rental, leaving the landowner only 15 or 10 per cent. for his own enjoyment. Under the settlements made by the British from 1833 to 1843, the Government proportion was reduced to two-thirds of the existing rental, the proprietors being further left in enjoyment of any increment which might occur during the thirty years of the settlement. When the period of the settlement expired, this proportion was again reduced, and was fixed at 50 per cent.; but, notwithstanding this reduction in the share claimed by Government, the result of the general prosperity of the province and the increased out-turn of the crops has been to raise the land revenue from £3,680,000 to over 4 millions.

In the Punjab it is notorious that the land revenue is infinitely lighter than that in any previous period, and the fact is corroborated by the enormous increase in the price of land since it passed under our rule from the cruel rack-renting of the Sikh Government.

In Bengal the land revenue has necessarily remained unchanged, notwithstanding the increase of the landlord's share of the rental from a few hundred thousand pounds to more than 10 millions sterling.*

Besides the land revenue, the landed classes are liable to local rates, which are levied by way

* At the Permament Settlement the land revenue of Bengal was £2,850,000, paid on a gross rental of about 3½ millions; at present the land revenue is £3,690,000, paid on a gross rental of more than 13 millions.

of a percentage on revenue or rent, and are devoted to various purposes of local improvement. In 1877-8, among other arrangements made for providing a margin of income over normal expenditure, a separate rate was imposed on the land in parts of India, and appeared in the accounts as "Provincial Rates." In the following year, by a change in the form of accounts, the local funds, previously accounted for separately, were entered in the Imperial accounts, along with the new taxes, under "Provincial Rates," thus causing a large addition to both sides of the account. The combined total amounted in 1878-9 to £2,608,938, of which about £600,000 was new taxation.

Provincial Rates. F. & R. A. 1878-79. p. 25.

See Memo. by Mr. H. Waterfield in Return 279, of 8th July, 1880

Assuming the land-owning classes to be 55 per cent. of the population, or, say 102 millions, the incidence of the Land revenue and Provincial Rates is about 4*s*. per head.

Next in importance as a source of revenue is Salt, the gross receipts for which amounted to nearly 7 millions. The history of this tax may be thus summarized. About fifty years ago, the Government decided on abolishing the native system of tolls levied on roads and navigable rivers, which were found to be increasingly inconvenient and oppressive, and to substitute for them a duty on salt. Accordingly, in 1837 the inland customs were abolished in Bombay, and a salt duty of 1*s*. per maund

Salt. F. & R. A. 1878-9. p. 30. Viceroy in Legislative Council, 9th Feb 1878.

of 82¾ lbs. was substituted. In 1844 Town dues and other similar taxes were abolished and the salt duty was raised to 1*s.* 6*d.* for 82¾ lbs., the change resulting in a loss to the exchequer of £100,000. A similar reform was carried out in Madras, where a tobacco monopoly, trade tax, and other imposts were abandoned. Altogether the Government surrendered £500,000. The same policy was pursued in Bengal in 1836 and the North-Western Provinces in 1843, and in the Punjab, where, at annexation, a vast system of import, transit and town duties was replaced by increased salt duties. The present salt duties accordingly, in every instance, originated in valuable fiscal reforms, the object of which was to free the tax-payer from imposts described "as so full of inequalities, anomalies and complications that it would be in vain to inquire from what objection or what abuses they were free."

In 1868 the scheme of equalizing the salt duties in the various provinces was entertained, and in pursuance of this policy Lord Mayo in 1869 raised the duty in Madras and Bombay to 2*s.* 11*d.* for a "maund" of 82¾ lbs. At the end of 1877 the duties in Madras and Bombay were still further raised to 5*s.* for 82¾ lbs., those in Bengal being lowered to 6*s.* 3*d.* and those in the North-Western Provinces to 5*s.* 6*d.*; and, in July 1878, the duties in the North-Western Provinces were lowered to 5*s.*, and those in Bengal to 5*s.* 9*d.* The duties have, therefore, been equalized in every

part of India, and stand at 5*s.* per maund of 82¾ lbs. except in Lower Bengal, where they are 9*d.* higher than elsewhere, and in Burmah and the Trans-Indus districts of the Punjab, where they are nominal.

In 1878 the arrangements for taking over the Native States' sources of salt supply were completed, and the customs line, 2000 miles long, was finally abolished in 1879. The result of the change has been to lower the duty to 130 millions of inhabitants, of British India, while raising it on 40 millions. On the whole, the consumption of salt has, under the recent arrangements, very largely increased in every part of the country. Comparing the consumption of 1879-80 with that of 1876-7, there is an increase of 945,218 maunds, or (34,722 tons), in Lower Bengal, with a loss of only £30,755 in revenue; in northern India the increase is 1,727,279 maunds, or (63,451 tons), with an increase of £208,896 in the revenue; in Madras and Bombay there is an increase of 209,436 maunds (7,694 tons), with an increase in revenue of £743,747. In Burmah the increase in consumption has been 530,078 maunds (19,472 tons), giving an increased revenue of £5,828. Thus the entire increase in the consumption amounts to 125,339 tons, with an increase in the duty levied amounting to £927,216.

F. S. 1878-9. s. 67.
F. S. 1880-1. ss. 90-97.

The incidence of the Salt Tax, computed on the population who pay it, is 7*d.* per head.

The next great branch of revenue is Customs.

They show, owing to tariff reforms, a diminishing income. The returns for 1860-1 were £2,680,000: for the last decade they have been about 2½ millions per annum; for 1878-9 they were £2,326,000: and for the present year they are estimated at 2¼ millions. In 1878-9, Piece goods produced £681,000, and twist and thread £90,000. Besides these, with the exception of £288,000 yielded by spirits and £69,000 by wines, the import tariff presents no item of any value. The Export Duty on rice produces about £560,000, and is now the only surviving Export Duty. Repeated inquiries have been made into the effect of this impost, with the result of establishing that Indian Rice is so far a monopoly that its export is not, owing to the duty, exposed to unfair competition. It is, however, jealously watched by the Government, and its abolition is probable. Indeed the whole customs' income, except that on wine and spirits, is doomed. "India," it has been repeatedly asserted, "is a country which from its poverty, the primitive and monotonous character of its industrial life and the peculiar character of its political condition, seems to require above all things the most economical treatment of its resources, and therefore the greatest possible freedom of its foreign exchanges." In the meantime the incidence of Customs' Duties on the general population is 3¼*d.* per head.

Customs. F. & R. A. 1878-9 p. 26.

F. S. 1860-1, p. 36.

S. A. 1877-8, p. 28.

F. S. 1880-1, ss. 86 & 87.

Excise.

The Excise Duty on liquors and intoxicating drugs, yields rather more than 2½ millions, and being a tax on a luxury of the poorer classes, its amount is a fair test of their prosperity. Its incidence on the total population is 3½*d* per head.

Stamps.

Of the 3 millions yielded by stamps, two-thirds are contributed by fees of litigation, and, as Law and Justice are far from being self-supporting, ought to be regarded rather as a contribution by litigants to the expenses of deciding their suits than as taxation proper. Its incidence on the whole population is 3¾*d*. per head, but it is probably contributed mainly by the landed classes and traders.

Assessed Taxes.

F. S. 1860-1.

Various imposts under the title of License, Certificate, or Income Tax have been levied during the last twenty years. Mr. Wilson imposed an Income Tax of 4½*d*. in the pound on incomes between £20 and £50, and 9½d. in the pound on all larger incomes; and he suggested, as well, a License Tax, which, however, was never imposed. The tax on incomes under £50 was abandoned in 1862, and in 1863, the rate on other incomes was reduced from 4 to 3 per cent. In 1865 the Income Tax expired, and was not renewed; but in 1867, it was found necessary to introduce a graduated License Tax on incomes of £20 and upwards, with a maximum incidence of 2 per cent., the lowest contribution being 8*s*., and the highest

£50. This was followed in 1868 by a Certificate Tax on incomes of £50 and upwards, which in 1869 was replaced by an Income Tax of 1 per cent. on such incomes; this was raised in the course of the year to 1½ per cent. and in 1870 to 3½ per cent.

In 1871, Sir R. Temple was able to lower the rate to a fraction over 1 per cent., and to raise the assessable minimum from £50 to £75, thus abandoning 1½ millions of revenue. On the whole, from 1860-1 to 1871-2 the tax yielded 13½ millions. In 1872 the assessable minimum was raised to £100. In 1873 it expired, and was not renewed. In 1877, in view of the necessity of providing a normal margin of 2 millions of revenue over expenditure, a License Tax was imposed in the North-Western Provinces, and in 1878 was extended to the rest of India. It produced £900,000 in the year 1878-9, and about £797,000 for 1879-80; for the year 1880–1, owing to the exclusion of all incomes under £50, it is expected to produce ½ million sterling. Viewing it as paid by the trading classes, numbering 28 millions, its incidence is about 4*d.* per head.

F. S. 1872-3.

This, with the exception of Municipal payments for sanitation and other like purposes—1½ millions sterling paid by 13½ millions of people—completes the taxation of the people of India. Including the land revenue it is estimated to fall at the rate of about 4*s.* per head of the whole population.

S.A. 1877-8, p. 89.

See Famine Commission Report, Part II.

The share of each class can be only roughly estimated:—

The landowner pays for land revenue, as we have seen, a sum ranging between 3 per cent. and 7 per cent. on the gross produce of his lands, and a further fraction by way of provincial rates. If he goes to law, he may contribute something to stamps; if he drinks, to excise; and, if he prefers English to native cloth, to customs; but when he has paid his land revenue, his only imperative tax is 7*d.* for salt. He is, probably, the most lightly taxed subject in the world, except the owner of personal property in India,—money in the funds, &c.—who, though a millionaire, may, under like conditions of abstinence from the luxuries of drink, litigation and English cloth, contribute nothing but 7*d.* to the expenses of the State; such a man is obviously absurdly under-taxed. The artizan's position is the same; the trader when he has paid 7*d.* on salt, and, if his gains are over £50 per annum, his License Tax, may go free of further taxation; the only imperative tax on the agricultural labourer is the annual 7*d.* which he pays for salt. He is no doubt a very poor man, but his poverty can scarcely be said to be grievously enhanced by the exactions of the State.

Attention has frequently been directed to the growth of the sum which the Indian Government has annually to remit to England, nd of the serious proportion which this bears

to the entire revenues of the country. Mr. Fawcett especially has pointed out that the 17 millions sterling which had in the present year to be defrayed in England, represent, at present rates of exchange, not less than 204 millions of rupees, or nearly half the net income of the Government. Such a payment is of course a serious drain, and it is desirable that it should be severely scrutinized, and if possible curtailed. As regards much of it, there can be no question as to its generally beneficial results to the country. Five millions, for instance, out of the 17, represent the interest paid to English investors on 97 millions of capital invested in guaranteed railways; but these railways earned in the year a gross income of 10¾ millions, more than half of which remained in the country as wages or profits. In 1879 the Indian railways gave employment to 141,000 natives, while 43 millions of passengers, and 8 million tons of goods were conveyed, presumably, to the profit of the parties concerned. The 5 millions, therefore, sent to England for guaranteed interest is merely the price of a far greater profit earned in India. The same thing is true, though not, perhaps, in so palpable a form, of the 2½ millions, which have to be remitted to defray the interest on the English debt. A large portion of this debt has been incurred for works of irrigation, communication, and general improvement, by which the wealth of the country is being every year enormously increased; the rest in the

Debate on the Indian Budget, August, 1880.

wars which the building up of a great Empire has involved in the course of a century, and in the suppression of a mutiny, which, if successful, would have plunged the whole country into chaos, and in a few weeks destroyed the precious work of fifty years of peace. In the same manner the 1½ millions remitted for civil pensions and furlough allowances may be regarded partly as a portion of the payment for valuable services, not, on the whole, extravagantly rewarded, and greatly reduced of late years by the fall in exchange; and partly as annuities earned by the previous subscriptions of the annuitants. Some economies might possibly be effected in the £215,000, involved in the maintenance of the India Office and its officials; still more in the £1,970,000 paid for "effective," and the £1,936,000 paid for "non-effective" military charges. These two items have been continually protested against by the custodians of Indian Finance, and it is to be hoped that public attention will not be diverted from the subject till either reform has been effected or its impossibility demonstrated.

The following results appear to be established:—

(1.) That the existing financial arrangements have sufficed to establish a substantial surplus of income over all expenditure, except that involved in war, famine relief, or other extraordinary expenditure of a like nature.

(2.) That the Government of India enjoys at present the command of any sums it may require at 3½ per cent. in England and 4½ per cent. in Calcutta.

(3.) That the scheme known as the Productive Public Works has been financially successful, earning a net profit on the capital employed, and conferring enormous benefits on the population, and that it should consequently be carried to completion without any needless delay; that the limit of 2½ millions prescribed for outlay on works of this nature was accidentally fixed and should not be accepted as final.

(4.) That the measures of decentralization have effected economy, stimulated local activity, and that further efforts in this direction should be vigorously and continuously made.

(5.) That most items of expenditure in India have been successfully reduced, but that the Home charges, especially those connected with military outlay in England, have seriously increased of late years, and demand scrutiny with a view to possible retrenchment.

(6.) That the military outlay in India consumes 13 millions of the gross income of the Government. The scheme suggested by the Indian Army Commission, if otherwise feasible, has the great recommen-

dation of economizing 1¼ millions of this expenditure.

(7.) That the taxation is, after every allowance has been made for the poverty of the mass of the people, in no case severe, and as regards some classes—notably the Bengal zemindars, the larger merchants and traders, and the owners of funded and other moveable property—exceptionally light; that these classes do not make any proportionate return to the State for the opportunities of wealth and enjoyment conferred on them by the maintenance of peace and order, while the lower classes, which have derived less direct benefit from British rule, do contribute an appreciable portion of their earnings; that in any future financial changes regard should be had to this inequality in the incidence of taxation, and to the propriety of obliging the wealthiest classes of the community to bear their fair part of the public burden.

CHAPTER V.

The authorities to which reference is made in this chapter are as follows:—

R.L.C.R. Report of the Bengal Rent Law Commission. Calcutta, 1880.

Z.S. The Zemindari Settlement of Bengal, Calcutta. 1879.

LAND TENURES.

THE figures given in the first chapter* will have made it apparent that the really important distinction, as regards the different classes of cultivators in India, is between those parts of the country in which the State continues to be, wholly or mainly, the direct landlord of the occupant of the soil, and those in which there exists an intermediate class of rent-receivers. The former state of things prevails generally in the Bombay Presidency, in two-thirds of Madras, and in those parts of Upper India where the village communities till their own

Main distinction is between parts where landlords exist, and those where they do not.

* pp. 21-25.

holdings: the latter is almost universal in Bengal and a third of Madras, prevails largely in Oudh and the North-West Provinces, and, to a less degree, in the Punjab.

Confusion has often been occasioned by the term "zemindari," as opposed to "ryotwari," being applied to parts of India where the occupant, as in the Punjab, holds, in a large number of instances, direct of the State. Between such occupants and the "ryot" of Bombay or Madras, there is no distinction of importance, the only difference being that the Punjab cultivators are jointly and severally liable for the land revenue assessed on their village. On the other hand the Bengal "ryot" is in a wholly different position, as he is a tenant of a landlord and not of the Government, with whom he has no direct relations.

Topics of present chapter.

In the present chapter an attempt will be made to discuss the position of both classes of occupants, to trace the course of the events by which that position has been reached, and to indicate the respects in which it militates against the prosperity of the classes concerned, and the direction in which improvement may be best effected.

Position of occupant under Government.

In those parts of India where the cultivator holds direct of the State, there can be no doubt that his position has under British rule greatly improved, both as regards the amount of the State demand, its fixity,

and the mode of its collection. The usual share claimed from the cultivator by Native Governments was three-fifths of the gross produce of the soil, out of which the zemindar was generally allowed a tenth, or three-fiftieths of the whole, as a reward for his services in collection. The cultivator was thus left with two-fifths of his crop for his own maintenance and the expenses of cultivation. But the share of the gross produce now claimed as land revenue has been shown in Chapter IV., to have sunk under the British rule, from more than half to a proportion ranging between three and eight per cent., and though local cesses add a fraction to this percentage, the proportion at present received by the Government is a mere fraction of that which, under Akbar's famous settlements was claimed as an unquestioned and immemorial due. The marked rise in the price of land, which is observable throughout India, attests the importance of this reduction, and the degree in which the present race of cultivators appreciates the increased share of the profits of the soil which they are now allowed to retain.

5th Report, p. 16. R.L.C.R. 443.

Smaller share of profits claimed by Government.

R. 112.

R. 126.

The nominal net land revenue of the Moghul Government, at the close of the 17th century, is stated to have been nearly 39 millions sterling, and the entire net revenue nearly 80 millions; and though

Enormous nominal revenue of Moghul emperors. Hunter's *England's Work in*

India, p. 104, and the authorities there quoted.

it is inconceivable that this entire amount can ever have been practically realised, the figures suffice to indicate that the claims of the Government were something far in excess of those of the present day, when the net land revenue scarcely exceeds 19 millions, and all other taxation brings in only about the same amount.

There is, indeed, reason to think that the present assessments fall short even of the reduced standard on which they are supposed to be based.

Present land revenue in Punjab. R. 124.

In the Punjab the theory appears to be that the State claim should be one-sixth of the gross produce in fertile and irrigated tracts, and from one-twelfth to one-fifteenth where the crops are poor and precarious; but the result for the entire province is that the land revenue is only 5.6 per cent. on the gross produce.

Land revenue in the North-Western Provinces. R.112.

In the North-Western Provinces the land revenue has been, during the present century, reduced from nine-tenths of the supposed rental to two-thirds, and ultimately to a half, and its present incidence on the gross produce is 7.8 per cent.

Land revenue in Bombay and Madras. R. 125.

In Bombay and Madras elaborate processes of inquiry are in force for ascertaining the quality of each assessed area, and adjusting its assessment to prevalent prices. The incidence is 7.6 per cent. of the gross produce in Bombay and 6.3 in Madras.

How far this reduction has been politic is a

question to be discussed hereafter; for the present, it is enough to say that there appears no room for further relief in this direction, and that if the State is to improve the condition of its ryots, it must be by some other contrivance than merely diminishing its claim upon the soil. To what extent, then, is there room for such improvement?

No room for further reductions.

The position of the holder under Government, whether he be a ryot in Madras or Bombay, or a member of a community in Upper India, falls in many respects but little short of absolute proprietorship. He is liable, indeed, to the assessed land revenue, and, so far, his holding may be said to be subject to a light rent-charge, and to sale in case of default; and this rent-charge the State has the power of adjusting according to certain known rules, at intervals of 30 years. But, subject to this, the land is, to all intents and purposes, his own; he can sell, mortgage, lease, or bequeath it, according to his personal law, without interference on the part of Government, and it passes like any other property by the rule of inheritance. In two respects only is his position insecure. In the first place the rule of future assessment is not definitely and formally announced; in the next, he has nowhere but in the Bombay Presidency a legislative guarantee, and in some cases no guarantee at all, as to the share of the profits

Two respects in which position of occupant under Government falls short of proprietorship.

R. 145.

of his own improvement that the State may, on the occasion of some future assessment, claim. Executive rules, for the purpose of securing the cultivator from enhancement on account of improvements, have been issued in several Provinces, but these have not the force of law, and at any rate cannot inspire the same confidence as a legal enactment.* The Famine Commissioners recommend that "a precise and permanent understanding should be come to on the subject and ratified by law," and that rules should be drawn up by which the position of the occupant, with regard to his improvements, may be clearly defined, without risk of mistake or retractation, and that the guarantee against enhancement should in every case be sufficient to encourage the cultivator to improve his land.

Suggested changes.

Occupants should be legislatively guaranteed against enhancement on account of self-effected improvements.

Equally desirable is it that there should be a distinct legislative announcement as to the principles on which, and the rate at which, on the occasion of future settlements, the land revenue will be assessed. These settlements in the earlier times of British rule were, to a great extent, leaps in the dark. The produce of the soil, the resources of the people, the rights and interests of different classes and individuals, had to be

Principles of settlement should be announced.

* R. 145.

ascertained and recorded by officials, whom everyone was interested in misleading. Great mistakes were made. Half a century's experience has now made it possible to conduct the process with far greater approach to exactness. Wherever a good settlement has been carried out, we have a tolerably precise account of every acre of land; and in Upper India the settlement-records contain, further, a precise genealogical account of the occupants, and their respective rights. The time seems now to be at hand when the Government may with safety declare the portion of the produce which it will for the future claim, and the rules by which the value of that portion will be calculated. The last remnant of uncertainty in the occupant's tenure would then be removed, and if, as Mr. Mill has laid down, "the idea of property does not necessarily imply that there should be no rent, any more than there should be no taxes," "but only that the rent should be a fixed charge, not liable to be raised against the possessor by his own improvements or the will of a landlord," he will become a proprietor; and whatever magic proprietary rights may possess in the East in promoting agricultural thrift and prosperity will, we may hope, operate still more efficiently than at present upon the Government domain. Great advantage in the working of any such scheme would be derived from the existence of a central body such as the Agricultural

Z.S. 11.

Land revenue should be controlled by Agricultural Department.

Department, the creation of which has been proposed, which would guard against departures from principle, or irregularities of procedure, and ensure to the subject the prominence among public affairs which its importance deserves. No tax so vitally affects the interests alike of the State and its subjects; and it is impossible for the Government to take too great precautions against any error in dealing with it. No room should be left for the idiosyncrasies of individual officials to affect the assessment, or for the course pursued by the State to be swayed by the crotchets of some influential clique.

The Permanent Settlement.

Attention has frequently been directed to the possibility of fundamental improvements in the mode of realising the immemorial claim of Government to a portion of the agricultural produce. Towards the close of the last century the great experiment of the Permanent Settlement was tried in Bengal, with the expectation that the class which, under its provisions, became the ostensible proprietors of the soil, would be prompted by motives of interest to develop its resources, and by motives of humanity, to put into practice towards the subordinate occupants the benevolent intentions which the authors of the scheme undoubtedly entertained. The tide of official opinion changed before the measure had been fully carried out, and Bengal, a third of Madras, and a single division in the North-West Provinces are the only parts of

India which became subject to its provisions. The question has, however, on more than one occasion been raised, whether the rest of the country should not be permanently assessed, or whether redemption of the land revenue, which of course implies permanent assessment, should not be allowed. From 1858 to 1862 the subject was under discussion in India and England, and a despatch of the Secretary of State in the latter year reviewed the considerations which, in the opinion of the Home Government, controlled the subject and laid down the conditions under which a permanent settlement might with propriety be conceded. He pointed out the great advantages to be expected from the strict limitation and clear announcement of the Government demand, and considered how far the possible sacrifice of revenue involved in such a measure was likely to be made up by the increased ability of the people to bear other forms of taxation, or, in any case, might be regarded as the purchase-money paid for the diffusion of a general feeling of contentment among the landholders, their increased loyalty to a Government in whose continuance they would have acquired a personal interest, and their readier disposition to lay out money in developing the soil. Ultimately the proposal of redemption was vetoed, but the general principle of a Permanent Settlement

Schemes to extend Permanent Settlement.

See Correspondence, Government of India to Secretary of State, 31 Dec. 1858, 21 Oct. 1861, Secretary of State's despatch, 9 July 1868.

was sanctioned, and its immediate introduction allowed wherever the assessment was already so complete that no considerable increase to the land revenue was to be expected. Parts of the North-Western Provinces were believed to be already ripe for the measure, and Madras and Bombay likely soon to become so.

General principle of a Permanent Settlement sanctioned,

Unexpected difficulties, however, were experienced when the Indian authorities came to the practical introduction of the measure: the future probable increase of the revenue was shown scarcely to admit of estimate, the probable loss to the Government to be serious, and the scheme has since remained in abeyance.

but not carried out.

More recently it has been suggested that redemption should be allowed on the terms of the land revenue being valued at 20 years' purchase, and the purchase-money being payable in 35 yearly payments at 5 per cent., to redeem both principal and interest. This would be tantamount to doubling the present land revenue for 35 years, at the end of which period the occupant would be absolute proprietor; the State meanwhile employing the additional payment in the redemption of the Public Debt and in Productive Public Works.

Proposal for redemption of land revenue. T. Caird, Esq., to Sec. of State, 31 Oct. 1880.

This proposal is made without reference to and, apparently, in ignorance of the prolonged discussion which resulted in redemption being vetoed

by the Government in England, and the practical difficulties which brought the attempt to extend the Permanent Settlement in India to a standstill.

The objections to any scheme of redemption may be shortly stated thus:

Objections to redemption.

1. It is impossible to allow redemption without first definitely, once and for ever, determining the annual amount to be redeemed. But this it is extremely difficult and dangerous for the Government to do. The land revenue, though in one sense rent, is none the less a tax, and the only tax of any importance which a large proportion of the inhabitants pay, and it is the tax which is paid with least reluctance, and collected with least abuse. Its amount must be governed by the yield of the soil, the price of agricultural produce, the value of silver, the course of trade as influencing that price, the advance of scientific agriculture, irrigation, communications, and various other considerations which it is impossible to predict. It is therefore in the highest degree dangerous for the State to fix a definite pecuniary sum for ever as the land tax, still more to allow that sum to be redeemed by one payment or a series of payments. The State may, indeed, for the sake of encouraging agricultural enterprise, announce that it will never claim more than the worth of a certain share of the produce of the soil; but this is altogether different from and falls infinitely

Redemption implies Permanent Settlement.

short of an arrangement by which the interest of the Government in the soil would be bought out by a series of cash payments, and the future right to tax its produce debarred for ever. Such a transaction would be really only a boon to one section of the community at the expense of the rest, and may involve, as in the case of Bengal it has involved, the gravest financial consequences. It is a curious instance of the danger of any such arrangement that the Government of India in sanctioning the principle of a Permanent Settlement in 1862, excluded the possibility of a fall in the value of silver from the considerations which had to be taken into account.

Redemption unnecessary.

2. Another objection to the scheme of redemption is that it is unnecessary. The advantages of property consist not in the fact of the proprietor having nothing to pay in respect of his land, but in the fact that what he does pay is a fixed sum, which it is not in a landlord's power arbitrarily to increase, and this end can be adequately secured by an announcement on the part of the State of the share of the produce of the soil, and the results of improvements which it will hereafter claim.

Redemption might result in land passing to money-lenders.

3. In the next place, any general scheme of redemption would be likely to result in the land finding its way, not to the thrifty and improving cultivator, but to the money-lending and money-owning classes, who would see at once the chance of a

good investment, and bring about in the rest of India the unfortunate state of things which already exists in Bengal. Prosperous as the agricultural classes are in many parts, we hear too much of the pressure of the land revenue, the difficulty of collecting it, the necessity of remissions, the desirability of an assessment fluctuating with the character of the season, to allow us to look with hopefulness on a scheme which involves the regular payment of double the present revenue for 35 years; and even this, as the Government of India points out, would not be an adequate compensation to the State for the annual revenue redeemed. At the present rate of money the purchase-money would have to be taken at more than 30 years' purchase, instead of 20. On the other hand, if the moneyed classes bought the land and became landlords, we should ultimately be confronted everywhere with the same difficulties as those which have assumed so serious a character in Bengal. What the results of the Permanent Settlement in that province have been we shall examine more closely in the part of the chapter which deals with the relations of landlords and tenants; for the present, it is enough to say that under its provisions the following state of things has come about. The original grantees are represented by the owners of about 150,000 "estates," paying a revenue to Government of 3½ millions

Government of India to Secretary of State, 8 June 1880. 333.

Effects of creation of landlord class in Bengal.

sterling. The owners of these "estates," and the various classes of subordinate "tenure holders," in number about a million, to whom they have sub-leased their rights, enjoy a net rental of 13 millions; under these two classes of landlords there is a vast body of cultivators, numbering about 10 millions, 9 millions of whom pay less rent than £2 a year, 6 millions less than 10*s.*, equivalent to a holding of between two and three acres. The condition of this last class must necessarily be low, and, in fact, is described in numerous instances as deplorable. A recent writer has attempted to calculate the amount actually paid by them, and the loss incurred by them and the State in consequence of the privileges accorded at the Permanent Settlement to the zemindars. The revenue in 1793 was about 3 millions, and as the zemindar's share was fixed at a tenth of the revenue, it cannot have been more than between £300,000 and £400,000. In the course of three-quarters of a century the Government revenue has increased to 3½ millions, while the zemindar's rental has grown from about a third of a million gross to more than 13 millions net.* In order, however, to get at the total

Z.S. 289.

R. 116.

Estimate of cost to tenants of Permanent Settlement. Z.S. vol. i. 5.

* Mr. O'Kinealy in a very able and interesting note on "Enhancement," attached to the report of the Bengal Rent Law Commission (p. 465), arrives, by a somewhat different calculation, at much the same result. He computes the increase of the zemindars' rent at 8½ millions, and capitalising this at 20 years' purchase, puts the loss to the occupants of the soil in mere rental at 165 millions.

amount paid by the ryots we must add the expenses of collection and management, the illegal exactions which are, it may be feared, universal, and in many cases the expenses of litigation and a share of the expenditure on police. The total payments may thus, the author reckons, not fall short of 25 or 30 millions sterling. The result of the Permanent Settlement would thus appear to have been to allow a sum of between 25 and 30 millions to be extorted from the occupants of the soil, out of which it receives, instead of the $\frac{9}{10}$ths which was the rule before and at the Permanent Settlement, hardly more than an eighth. In other words, we have, on the one hand, a surrender of a land revenue as large as or larger than the entire present receipts under this head from the whole of India, to which Government had an absolutely unquestioned title, and, on the other, the creation of a body of landlords, who are described as not particularly prosperous, and of whom their warmest advocate can scarcely venture to affirm that they perform any one of the public duties which attach to the corresponding class in England, and of an enormous class of tenantry, whose unsatisfactory condition forces itself with increasing vehemence year by year on the public attention. In the meanwhile—though this anomaly is now being removed—the richest province of India has been, to a large extent, defended, administered, educated, supplied with roads, barracks, hospitals, railways

Landlords and Tenants in Bengal.

and canals, and relieved in famine, at the expense of the rest of the community. Ryots have been toiling in Madras, and starving in the Deccan, in order that gentlemen, like the Rajahs of Derbanga and Burdwan, may enjoy incomes of several hundred thousand pounds a year free from the rude contact of the tax collector's hand.

With such a warning before us, we shall not, it may be hoped, be tempted into any permanent alienation of the most valuable portion of the State's resources, without a far clearer view than we at present possess of the possible results of such a measure, alike on the finances of the Government and the well-being of the people.

As regards the collection of the land revenue there are several points which deserve attention.

British and Native systems of collecting land revenue.

The system introduced by the British has been to fix a moderate assessment, and to postpone the demand or remit it altogether only under the stress of exceptional calamities, such as famine or inundation. The native system was to fix the demand as high as a favourable season would render it possible for the cultivator to pay, and, necessarily, to lower or abandon it in unfavourable years. Considerable attention has of late been directed to the alleged results of the unvarying character of the British system, and the Government of India has instituted inquiries with a view

to the possibility of adjusting the annual demand more readily to the condition in which the fortunes of each season may have left the cultivator. In some cases, as, for instance, in districts where the cultivation is unusually precarious —dependent, perhaps, on inundations, which may or may not occur—the plan of a varying assessment has already been tried with success; and it is probable that among the measures to be adopted in future for the relief of particular classes or communities, whose exceptional distress calls for special remedy, resort will be had to a more elastic system of revenue collection.

Fluctuating assessments when desirable.

R 130.

The administrative difficulties, however, connected with such a scheme, are considerable, and the evidence from all parts of the country appears to establish that, on the whole, the fixed character of the demand has contributed to the solid and permanent prosperity of the agricultural classes, though it is possible that, under a more elastic system, a larger revenue might be realised, and life to the less thrifty and energetic populations be rendered easier. The first step, however, towards a higher standard of comfort has not been taken so long as the agriculturist contents himself, as was the general rule under native systems, with the bare means of existence, paying all the margin of his profits in prosperous years in return for indulgence shown to him in seasons of calamity.

A fixed demand, however, does not exclude

occasional concessions made to exceptional distress, such as that produced by famines or other less general misfortune. Such concessions have, in fact, always been made, but their value has been, in some cases, diminished by the late date at which they have been granted, and the absence of settled principles and rules governing the grant. The Famine Commission has suggested, as a guide for future action, that in any case of general crop-loss, so severe as to sweep away the whole margin beyond what is necessary for the cultivator's subsistence, and to leave no fund out of which revenue can be paid, a relaxation in the demand, either in the form of suspension, or, in severer cases, complete remission, should be allowed; and that this rule should be accepted as indicating the proper course of action in less serious and widespread calamities. If this rule, or any reasonable approach to it, could be carried out, all that is necessary in the direction of elasticity of demand would appear to have been achieved.

Suspensions and remissions of land revenue.

R. 2, s. 160.

R. 128.

Another change in the form of collection has been recently recommended to the Government, viz. that the land revenue should be taken in the form of a share of the produce which would vary with the character of each season. This system its proposer regards as one of "the two sheet anchors" (the "village organisation" being the other) from which "British

Proposal to revert to revenue payments in kind. T. Caird, Esq., to the Secretary of State, 31 Oct. 1879, p. 6-7.

statescraft has parted," and as being "so sound and suitable to the condition of the people" that the Government would be justified in making trial of it in various parts of the country.

Objections to proposal. Letter to Secretary of State, 8 June 1880.

With regard to this proposal the Government of India has pointed out, first, that the payment of revenue in kind never existed at all in many parts of the Moghul Empire, and that everywhere but in a few outlying tracts it has become obsolete. The Nawab Nazim of Bengal, the ruler of Oudh, the Mahratta Chiefs in Central India, Nagpur, and Poona, and Runjeet Singh in the Punjab, all collected their revenues in cash. At the present day only two native states are constrained by the extreme precariousness of their climate to take their revenues exclusively in kind; the great majority take it exclusively in cash, and the tendency of every improving state is to substitute cash for grain payments wherever they exist.*

Produce-rents unknown in many parts of Moghul Empire.

A rental in kind is, in fact, synonymous with an oppressed and degraded peasantry. The system opens the door to every species of exaction.

* In Bengal cash-rents were prevalent, at least, as early as the Permanent Settlement. "In general," wrote Mr. Shore in 1789, "throughout Bengal the rents are paid by the ryots in money."—Minute of June 1789, pp. 222-5, B.R.L.C. 2, 449.

There is, in fact, no reason to suppose that produce-rents ever existed in this province. "In Bengal," the Government wrote in 1822, "from the most antient times of which we have any clear accounts, the system of money-rates would appear to have prevailed."—B.R.L.C. 471.

Evil effects of produce-rents.

Everywhere the struggle is on the part of the tenant to escape from it, on the part of the landlords to retain it. "In parts of the Behar province," the Government observes, "produce-rents obtain, and there the tenant is infinitely worse off than he is in Bengal where money-rates are universal." In the Punjab the landlords have successfully resisted the tenants' attempt to get rid of the system by direct legislation. In the North-Western Provinces the area of country where produce-rents prevail has, from year to year, steadily diminished, "the change being always demanded by the tenants, and reluctantly conceded by the landlords." "To attempt forcibly to reimpose produce-rents over all the country would not only be a task beyond the power of the administration, it would be so unpopular as to risk a rebellion." The experience in the Madras Presidency has been to the same effect. There is ample evidence that there,* as elsewhere, rent in kind has been a source of oppression on the part of the landlords, demoralisation of the tenant, and discouragement of agricultural improvement, and that its abolition is regarded, by those who have experience of its working, as the condition precedent of all subsequent advance. So far from reverting to it,

* As to the general question, as to Sir R. Temple's evidence, and as to Punjab, see the Punjab Compilation, p. 554.—"Produce-rents have invariably the effect of reducing the tenant to a lower economical condition than tenants of similar holdings at a cash-rental."

the Government can in no way more effectually promote the interests of the tenant class than by facilitating their endeavours to replace grain-rents by a cash-rental, and, wherever this is unprofitable, by providing against the hardships and abuses which the former system must inevitably entail.

We may now leave the class of cases in which Government deals directly with the occupant of the soil, and come to that in which a landlord class has been interposed between the State on the one hand, and the cultivator on the other.

Parts of India where landlords exist.

To this class belong, as we have seen, the 10 millions of ryots in Bengal, 1½ million tenants in the Punjab, nearly 3 millions in the North-West Provinces, 2 millions in Oudh, about three-quarters of a million in the Central Provinces, and about a million in Madras, besides considerable bodies in Bombay. About half the number in the North-Western Provinces, a third in the Punjab and the Central Provinces, and an unascertained fraction in Bengal, enjoy some sort of occupancy right,

Privileged classes of tenants.

protecting them to a greater or less degree from arbitrary enhancement and ejectment. It is probable that the Madras tenantry enjoy legally the same protection, though their privileges, unfortunately, have been obscured and imperilled. All the Oudh tenantry, however, a million tenants in the Punjab, 1¼ million

Tenants at will.

in the North-West Provinces, and large numbers in Bengal and the Central

Provinces, are "tenants at will," in the English sense of the word; and it is their condition that principally causes anxiety, and calls, each year more and more imperatively, for remedial action on the part of the State.

It may be convenient to review briefly the principal legislative measures, and other historical events, out of which the present state of things in Bengal, and, more or less, in the whole of India, has taken its rise. The system of revenue administration, which the first English administrators of the country found in force, took its rise from arrangements devised and elaborated by Akbar and his great minister, Todar Mull, towards the close of the 16th century. The main underlying principle of this was that the State had a right to claim from every occupant of the soil a certain share of the produce, and to prescribe from time to time the rules by which this share should be determined. The country was divided into classes according to the quality of the soil, and the Government share of the estimated yield commuted into cash, at the average rates of the preceding decade: the amount thus arrived at was decennially adjusted to any changes in the price of produce, or other circumstances involving alteration; in the meanwhile it constituted "the rent-rate of the district." But the simplicity of this system was soon marred by the requirements of the later Moghul sovereigns, and

Early history of landlord and tenant question.

Todar Mull's Settlement, A.D. 1580.

the rapacity of the chieftains and officials, through whose agency the revenue collections had to be made. The monarch, with an empty treasure-chest, found it difficult to resist the temptation of supplementing the original impost by collateral charges; and the nobility with loyal imitativeness followed the royal example on their own account, so that, ultimately, these irregular exactions formed a burthen on the land scarcely less onerous than the revenue itself. Their oppressive character was speedily recognised by the British administrators. As early as 1769 "supervisors" were appointed by the President of Bengal for the purpose of ascertaining and reporting on the condition of the ryot and the exactions of the zemindar, and of fixing the amount which the latter received from the ryot "as his income or emolument." The zemindar had, the Regulation declared, taken advantage of his position to impose illegal taxes, and thus unfairly to augment his income: he had "extended his claims and availed himself of opportunities to lay his hands on the revenues of Government and *on the property of the ryot*, where he had no foundation of right nor colour of pretence" The ryot was now to be informed that Government would be "his refuge and the redresser of his wrongs"; that, "after *supplying the legal due of the Government, he would* be secure in the enjoyment of the remainder"; and

Irregular exactions.

Rev. Regn. 1769, R.L.C.R. 439.

The Government promises to protect the ryots' "property."

that the object of the Government was "to abolish fraudulent and unauthorised demands, to redress his present grievances and *secure him from all further invasions of his property.*"

The settlement of 1772. Settlement Regulation, 1772. R. L. C. R. 440.

In 1772 the Company openly assumed the direct administration of the country, and issued a regulation for the settlement and collection of the revenue. The land revenue was farmed for five years; the farmers were bound to give the people the usual advances for agricultural improvement, and prohibited, under severe penalties, from receiving larger rents from the ryot than the stipulated amount of the lease, on any pretence whatever, or from imposing any collateral impost; and the supervisors were directed to prepare rent-rolls of every farm, to which the public might have access.

In 1776, the Governor-General created a board for revenue purposes, and for conducting inquiries, which would be "*useful to secure to the ryots the perpetual and undisturbed possession of their lands, and to secure them against arbitrary exactions.*" This Board laid down the rules *for a fresh settlement in* 1778.

Settlement of 1778.

One result of these arrangements was that numerous zemindars were dispossessed and superseded by farmers of revenue; and, the matter having attracted the attention of Parliament, the directors were required to give orders for "settling and establishing, upon principles of moderation and

Instructions of Parliament. 24 Geo. III. c. 24, s. 39.

justice, according to the laws and constitution of India, the permanent rules by which the tributes, rents, &c. of the native rajahs, zemindars, and other landholders, should be for the future paid to the Company." In obedience to this instruction the Court of Directors ordered an inquiry into the rights of the landholders, remarking that "the spirit of the Act would be best observed by fixing a permanent revenue." These inquiries resulted in the measures which became historical as the "Permanent Settlement."

Inquiry ordered by Directors.

Interminable controversies have been waged as to the intention of these celebrated enactments, and the legal position, which, under their provisions, was assigned to the various classes interested in the land. Several points, however, are beyond dispute. 1st. That the Government asserted its right of claiming a specified portion of the produce of every acre of land, and of granting to an individual either the whole of this right or a portion of it. 2nd. That there was no idea of altering the immemorial law, according to which "the resident ryot, simply as such, is throughout the continent of India, possessed, as a rule, of hereditary occupancy at the customary rates of the vicinity"; but that, on the contrary, the object was to place

The Permanent Settlement.

1st. Government claim. Regulation ix. of 1793. Preamble.

2nd. Ryot's right of occupancy. Sir W. Muir: Statement of objects and reasons to Bill for amending Act X. of 1859.

that right on a safer basis, and to fence it round with additional safeguards.

3rd. The customary rent-rate believed to be ascertainable.

3rd. That these customary rates, however difficult of ascertainment they may have subsequently become, were regarded at the Permanent Settlement as ascertainable, and the means provided for ascertaining them forthwith, and for recording them in a manner which would guarantee the tenant against further exactions, the landlords being bound to maintain the official staff necessary for keeping the accounts in proper form and compiling the necessary information for the adjustment of disputes between them and their tenants.

4th. "Property" applied indiscriminately to the interest of landlord and tenant. Regulation viii. of 1793, s. 63. Regulation i. of 1819.

4th. That the term "property" is applied in the regulations alike to the interest of the landlord and tenant, both being alike bound to comply with the State demand, and the intention of the Permanent Settlement being to define that demand in the one case just as much as in the other, and thus "to secure to the great body of the ryots the same equity and certainty in the amount of their rents, and the same undisturbed enjoyment of the fruits of their industry" as has been conceded to the zemindars. With regard to the zemindars, Lord Cornwallis pointed out that while "their claim to a certain percentage upon the rents of their estates had been admitted, *the right of*

Minute, 8 Feb. 1790, s. 61-63.

Government to fix the amount of those rents at its own discretion had never been denied or disputed," and that as zemindars had in numberless cases been dismissed for non-compliance with the State requirements, a "more nugatory or delusive species of property could hardly exist." On the other hand, the ryot's interest in the land was "property," inasmuch as he was entitled to hold at a fixed rate, and was secure against arbitrary enhancement. "Whoever," said Lord Cornwallis, "cultivates the land, the landlord can receive no more than the established rent. To permit him to dispossess one cultivator for the sole purpose of giving the land to another, would be vesting him with a power to commit a wanton act of oppression, from which he could derive no benefit." 5th. That the enhancement of rent was either forbidden altogether, or allowed only at intervals and under conditions prescribed by the State. The arguments in favour of the former view seem to me irresistible. Lord Cornwallis' view, at any rate, is recorded by himself. "The rents of an estate," he wrote, "*can only be raised* by inducing the ryots to cultivate the more valuable articles of produce (*i.e.* in the cases in which a higher rent was payable for the more valuable crop), and to clear the extensive tracts of waste which are to be found in almost every

Lord Cornwallis' view of landlords' position.

The ryot's interest.

R. L. C. R. 442.

5th. Enhancement forbidden or restricted.

R. L. C. R. 442.

Minute of Feb. 1790.

zemindari in Bengal." 6th. That the Government guarded in the strongest manner against the idea that the privileges conferred on the zemindars derogated from its right to interfere on behalf of the ryots. "It being the duty of the ruling power"—so runs the document which is the basis of the zemindar's title—"to protect all classes of people, more particularly those who, from their situations, are most helpless, the Governor-General in Council will, whenever he may deem it proper, enact such regulations as he may think necessary for the protection of the dependent talookdars, ryots, and other cultivators of the soil"; nor was the zemindar to be entitled to object to his assessment on the ground of any such interference. The same view was set out in the despatch in which the Court of Directors sanctioned Lord Cornwallis' arrangements. "We expressly reserve the right," they wrote, "which belongs to us as sovereigns, of interposing our authority in making from time to time all such regulations as may be necessary to prevent the ryots being improperly disturbed in their possessions, or loaded with unwarrantable exactions . . . . . our interposition, where it is necessary, seems also to be clearly consistent with the practice of the Moghul Government, under which it appeared to be a general maxim that the immediate cultivator of the soil, paying

6th. Government reserves its right to interfere for ryots' protection.

Regulation i. of 1793, s. 7.

The same right asserted by Moghul Government.

2 Harrington, p. 188. R. L. C. R. 443.

the rent, should not be dispossessed of the land he occupied. This necessarily supposes that there were some measures and limits by which the rent could be defined, and that it was not left to the arbitrary determination of the zemindars. In point of fact the original amount seems to have been annually ascertained and fixed by the act of the sovereign."

Failure of the Permanent Settlement to effect its object.

How in the face of these clearly announced principles and solemn declarations the ryot's position has for nearly a century been allowed steadily to deteriorate until in all instances his rights have been curtailed, and in many have altogether disappeared, is one of the least pleasing and least creditable chapters in the history of Anglo-Indian administration. Nieburh's sneer at the Permanent Settlement "as one of the most unfortunate, but best intentioned, schemes that ever ruined a country," seems scarcely to exaggerate the deplorable condition into which large portions of the Bengal tenants have been reduced by a century's experience of a measure which its authors believed would make them the happiest peasantry in the world. The discredit of the failure rests probably less with the designers of the Permanent Settlement than with subsequent administrators, who have failed to provide any adequate remedy for the defects, which almost from the outset became apparent. Scarcely had the measure been got into working when the

difficulties, predicted by Mr. Shore, began to render it abortive. The "established rate" of rent which the Regulation throughout regards as discoverable, and makes the chief bulwark of the ryots' tenure, defied all administrative efforts at discovery or definition. The zemindars were not slow to make the most of their newly acquired privileges, and to assert their "proprietorship" in a sense never contemplated by those who endowed them with the name. Within 30 years the Directors perceived the mischief which an ambiguous phrase was working. "Consequences," they wrote, "the most injurious to the rights and interests of individuals have arisen from describing those with whom the Permanent Settlement was made as the *actual proprietors of the land.*" This mistake, they added, and the habit, which grew out of it, of describing the payments of the ryots as rent "instead" of "revenue," "have introduced confusion into the whole system of tenures, have given a specious colour to the pretensions of the zemindars in acting as if they were, in the ordinary sense of the word, proprietors, and as if the ryots had no permanent interest in the land but what they derived from them." The heresy, however, thus authoritatively denounced, continued to gather ground, and has survived every legislative attempt to restore the pristine purity of faith. In 1859 it seemed likely that

Difficulties in working it.

Growth of zemindars' proprietorship.

Despatch of Directors, 15 Jan. 1819.

its ascendancy was about to be seriously endangered. A Bill, introduced in that year, set forth in its "statement of objects and reasons," on the one hand, the ryots' right, as declared by the Regulations, to receive leases for their lands and to have their rates of rent adjusted on certain defined principles, and on the other, the landlords' liability to penalties for excessive rent or unauthorised impost.

Act X. of 1859.

Its promise as a Bill.

As the Bill originally stood, every "resident ryot" was declared to have a right of occupancy, and three years' residence to constitute a "resident ryot." These promising intentions were, unfortunately, lost sight of before the Bill became law. The measure appears to have been very inadequately discussed,* and to have been, in fact, intended by its author rather to remedy certain defects in the existing procedure for the recovery of rents, than as a systematic statement of substantive law. The period prescribed in the Bill for the acquisition of occupancy rights was extended in the Act from 3 to 12 years, and though the Act gave no new powers of ejectment, and curtailed some that already existed, it has operated mischievously as regards the tenants in recognising and emphasising the existence of a wholly un-

Mem. by Mr. Mackenzie. R.L.C.R. 110.

Mr. Mackenzie, s. 6.

Evil results of the Act.

* "I suppose," says Mr. Mackenzie, a member of the Rent Law Commission, "that there never was a measure of equal moment so inadequately considered and debated."

privileged class; in providing the long period of 12 years for the acquisition of occupancy rights, during which a spirit of antagonism between landlord and tenant has time to be matured; in restricting the right to sit at fixed rents to a very limited class, and in providing for the future enhancement of the rates of occupancy-tenants, not so entitled, by a procedure which was calculated to prove, and has in practice proved, a fruitful source of harassment to the less powerful of the classes interested. Meanwhile all parties alike are dissatisfied with it, and with the measures which have in several provinces replaced or modified it; landlords no less than tenants call upon the legislature for a measure under which their rights would be better defined and more easily enforced.

General dissatisfaction with the present law.

It would be a task far beyond the limits of this work to examine the details of the several enactments by which, on various occasions, the Government has attempted and is at the present moment attempting to adjust the conflicting claims of classes, which it was hoped 90 years had finally and satisfactorily reconciled. The moment for such a reconciliation has, it must be feared, passed for ever; but the grave political and social dangers, to which an impoverished, degraded, and rack-rented peasantry gives rise, are assuming every year a more menacing aspect, and the controversy has a tendency, as the pressure of the population

Legislative attempts at reform.

on the soil increases, to become continually more embittered. Official evidence of the weightiest character, and tendered from the most various quarters, makes it impossible to doubt that the condition of the tenantry in several parts of India is a peril to society, and a disgrace to any civilised administration. The lawlessness with which the Behar landlords have been allowed in past times to set at defiance with impunity every legislative safeguard of the tenants' interest, the cruelty with which their illegal exactions have been carried out, the deep and hopeless poverty of the unfortunate classes thus kept at a level only just above starvation point, are facts, which the reports of experienced officials and the admissions of the Bengal Government oblige us, however reluctantly, to accept as proved. "In Behar," writes the Lieutenant-Governor in 1878, "what is most wanted is some ready means of enabling the ryot to resist illegal restraint, illegal enhancement and illegal cesses, and to prove and maintain his occupancy rights. Apart from the backwardness and poverty of the ryot, there are many points in the existing system of zemindari management which seem to call for speedy amendment. The loose system of zemindari accounts, the entire absence of leases and counterparts, *the universal prevalence of illegal distraint, the oppressions incident to a realisation of rents*

Bad condition of tenants in Behar and elsewhere.

Testimony of Bengal Government, 7 Sept. 1878.

Needs of the Behar tenants.

in kind, the practice of amalgamating holdings so as to destroy evidence of continuous holding, are evils which necessarily prevent any possible development of agricultural prosperity among the tenant class, and place them practically at the mercy of their landlords, or of the *thekadars* (contractors for a lease), to whom ordinarily their landlords from time to time transfer their rights."

The abuses thus denounced are, we may hope, not everywhere equally flagrant, nor the distress so acute; but competition rents and an ever-increasing agricultural population, with no considerable outlet but agriculture for its energies, can, in the long run, have but one result. The competition for land must become keener, the terms, to which the competitors are prepared to submit, more and more unfavourable; the general condition of the unprivileged tenants more depressed. "As the land is a fixed quantity," says Mr. J. S. Mill, speaking of the cottier system of India and Ireland, "while population has an unlimited power of increase, unless something checks that increase, the competition for land soon forces up rent to the highest point consistent with keeping the population alive. The effects, therefore, of cottier tenure depend on the extent to which the capacity of the population to increase is controlled either by custom, by individual prudence, or by starvation and disease."

Results of competition for land.

In India custom acts as a direct stimulus to the capacity of increase, and individual prudence

on this subject is discountenanced by religion, and as rare as in other low conditions of society. The only check on increase accordingly, supposing no extraneous influence to intervene, would be the physical inability of human beings to endure greater hardships than those which their present position entails. Meanwhile the competition rental will have outrun the utmost powers of the rent-payers. In Mr. Mills' language, "when the habits of the people are such that their increase is never checked but by the impossibility of obtaining a bare subsistence, and when this support can only be obtained from the land, all stipulations and agreements respecting the amount of rent are merely nominal. The competition for land makes the tenants undertake to pay more than it is possible that they should pay, and when they have paid all they can, more almost always remains due." Such is the difficulty with which, as regards large classes of its subjects, the Government is everywhere confronted, and which British administrators find none the easier of solution, because it is one which, unhappily, we have to a large extent manufactured for ourselves.

Probable results in India.

Without entering into details of the various remedial projects, whose merits have been long and warmly discussed, we may notice several general principles, which the history of the matter appears to establish, and to which any hopeful scheme of

General principles of reform.

land-tenure reform must, as near as may be, conform.

Law to be effectively administered.

In the first place, whatever protection the existing law gives to the occupant of the soil, that protection the administration ought to secure to him, and wherever the legal provisions for securing it have proved inadequate, the law should be amended. Much of the hardship inflicted on the Behar tenant is admitted to have arisen, in past times, from barefaced, systematic violations of the law by the landowners, which the executive of that province—to their lasting dishonour it must be said—have lacked either the courage or the energy to repress. No one could be more qualified than the present ruler of Bengal to efface the traditional discredit of the provincial administration, and much has already been effected by his calm and sagacious arrangements. In order to secure compliance with the law, its breach should not be, as at present, the subject of a civil action by a frightened and resourceless peasant, but should be punishable under the criminal law, as any other offence against society. If, as the Bengal Government states, illegal distraint is "universally prevalent," it could be stopped in a few weeks by fine and imprisonment, unflinchingly and courageously imposed by criminal tribunals on wrongdoers. If written leases or receipts are to be given, the omission to give them should be punished, not by the possibility of a suit, but by

the certainty of a criminal prosecution and a penal sentence.

Government to recover its right of fixing the rents.

In the next place the Government should aim at recovering its historical right of fixing the amount which the occupant of the soil is to pay to the rent-receiver, and of adjusting this to a scale which will leave the cultivator reasonable means of livelihood. This has been done in numerous instances till within recent times by the officials who assessed the land revenue, and at the same time as the assessment; and this is, beyond all question, the system most in accordance with that which prevailed in India when the British administration began. The Famine Commission recommends that this course should be pursued with regard to "occupancy" tenants; but the principle ought to be asserted with regard to every class of cultivator. The relative positions of "occupancy" and "non-occupancy" tenants have been curiously inverted by the increased demand for land. Originally the "resident" (khud-kust) or occupancy tenant was one who had agreed to settle permanently, and to hold at the prescribed rates. The non-occupancy tenant had not so agreed, and the landowner had frequently to tempt him to settle, by granting him temporarily more favourable terms than the occupancy tenants enjoyed. At present the non-resident tenant, from superabundant numbers, is at the landlord's mercy, and unless the right of fixing his rent is

R. 119.

asserted by the State, he will be kept at the lowest point to which a continually increasing competition can reduce him. On similar grounds the right of ejectment should be abolished. No such power was, as we have seen, contemplated by Lord Cornwallis, and it is, in fact, inconsistent with the whole intention of the Permanent Settlement. Its existence by the common law of the country has repeatedly been denied, and the degree to which special enactments have sanctioned it in particular cases, has been a topic of prolonged and apparently interminable controversy. But when the right of enhancement is abolished, the *raison d'etre* of ejectment disappears. The tenant's interest must be saleable in discharge of his arrears of rent, and this is all the security that the landowner needs: any further powers can only lead to oppression.

R.L.C.R. p. 443.

Ejectment to be abolished.

In the next place the Government ought, in the interest not more of the tenant than of agricultural progress, to assert in the clearest manner the right of every tenant to improve his land by irrigation, well-sinking, tree-planting, embankments, drainage, new crops, or whatever other means of increased productiveness the advance of agricultural or mechanical science brings within his reach. It is vitally necessary that the soil of the country should be utilized to the fullest possible extent; and in face of this necessity the Government cannot

Right of tenant to improve.

allow any portion of it to be held in a manner which precludes its complete utilization, as must be the case where the precariousness of the tenure discourages the occupant from any but the cheapest and least improving forms of tillage. As matters now stand, the right even of occupancy tenants to irrigate their lands has been sometimes disputed, and instances have occurred where landowners have either forbidden their tenants to make use of canal water which Government has brought within their reach, or have practically prevented its use by making it the excuse for an exorbitant enhancement of rent. As a general rule, it may be said that the Indian landlord never himself improves his land: the Government must, in the interest of the public, take care that the occupant shall not at any rate be prevented from improving it.

Tenants to be secure in the enjoyment of their improvements.

It would follow as a corollary that the tenant should, in every case, be secure in the enjoyment of the profits arising from his own improvements—a principle which is now fully recognised as regards occupancy tenants, but which needs to be applied to all classes of cultivators, if the whole soil of the country is to be completely utilized.

Record of terms of tenancy.

One of the main precautions provided by the Permanent Settlement in the tenant's interest was a record, carefully prepared and maintained, of the rights of either party. Every landlord was to give his tenant a

document setting forth the essential particulars of the holding, and all claims not so recorded were strictly disallowed. This provision, from one cause or another, has almost wholly fallen through, sometimes from the reluctance of the landlord to curtail his privileges, sometimes from the tenant's fear that the document might be used as an admission by him of claims on the landlord's part, which it was not convenient to dispute. There can, however, be no doubt that the provision was a wise one, and that the designers of the Permanent Settlement were right in holding that the first step against unfair encroachments is a distinct declaration of existing rights. The tenant's position will never be secure till this has been achieved, and the inquiries and surveys, which in some instances it must necessitate, ought to be at once undertaken.

Result of proposed changes.

The changes just enumerated would result in the soil of India being cultivated by persons deeply interested in its improvement, safe from the oppressions to which competition rents give rise, and, to a large extent, influenced by all the prudential and economical motives which are believed to be the growth of peasant proprietorship. They would involve considerable disturbance of rights, which, however unsubstantial in their origin, have acquired solidity by the lapse of years and the tacit acquiescence of the Government. Such disturbance would involve compensation,

Compensation would be necessary.

wherever it could be shown that the equitable position of the landowner, as defined by the Legislature, was being altered for the worse, regard, however, being had to the historical relations of the various interests in the soil, to the duties which the original grantees under the Permanent Settlement undertook, and to the solemnly enunciated right of the Government to intervene, wherever it might in its opinion be necessary, on the cultivator's behalf.

The mode in which these principles would be applied, and the course of action to be adopted with reference to their realisation, would naturally differ in various parts of the country. In Madras the position of the whole class of cultivators on zemindari estates—which constitute a third of the Presidency—appears to have been endangered by an erroneous or ill-expressed judgment of the High Court, and the remissness of the Government in taking measures to counteract its effects. Here the immediate want is a legislative measure declaring the existence of rights which, till within a comparatively recent period, it had never occurred to anyone to call in question. In the North-Western Provinces an unfortunate antagonism between landlords and tenants has been called into existence by the provision that rights of occupancy can be acquired by uninterrupted cultivation for twelve years; and the

Different measures required in different parts of the country.

Zemindari tenants in Madras.

In the North-Western Provinces.

landlords' natural inclination to enhance has been quickened by the system followed in the Revenue Settlements, of assessing the revenue, not on the existing rental, but on an estimate of the highest rents obtainable. Here relief would be afforded by restricting the occasions on which enhancement can be enforced, and if possible by having the rental fixed by the same official machinery and for the same period as the revenue.

Oudh.

In Oudh there is grave reason to fear that the large privileges, which after an embittered controversy were conceded a few years ago to certain classes of large landed proprietors, are resulting in an increasingly depressed condition of the tenantry, and that sweeping remedial measures, largely curtailing the privileges of the landlord, will at no distant date be found to be indispensable.

Bengal.

In Bengal, and especially Behar, the landlord system has had the longest and completest trial, and the result of unrestricted competition for the land has been most clearly illustrated. We have now, after a century's experience, to deal with a question which, difficult at the outset, has become, with each year's fresh accretion of interests, prejudices, and customs, less easy of solution, and which is now so entangled in conflicting claims that its adjustment can scarcely be effected without bitter heart-burnings, class animosities, accusations of bad faith, and all the other inevitable ill-results of

a too long postponed reform. Reform, however, is admitted, even by those who are most alive to its difficulties, to be indispensable. Its successful accomplishment would be the crowning feat of Indian statesmanship.

CHAPTER VI.

LEGISLATION AND COURTS.

None of the problems to which the British administration of India has given rise have been more difficult, or more interesting, than that involved in the provision of laws for the country, and of the machinery by which those laws may be interpreted and enforced.

The first English rulers of Bengal speedily became aware of the serious nature of the duties which their newly-assumed position, as the supreme authority in questions of criminal and civil justice, imposed upon them. Every form of social order—and law the most of all—had suffered almost complete eclipse under the decrepitude of the later Moghul sovereigns. A feeble semblance of a judicial system was, indeed, maintained in the confines of the Mahomedan head-quarters at Moorshedabad; but law, in the sense of the exact definition and adequate enforce-

Administration of Justice under the Moghuls.

ment of individual rights, can hardly be said to have existed. "The subjects of the Moghul Empire"—so it was officially reported of the tribunals in 1773—"derived little protection or security from any of these courts, and in general, though forms of judicature were established and preserved, the despotic principles of the Government rendered them the instruments of power rather than of justice, not only unavailing to protect the people, but often the means of the most grievous oppressions under the cloak of the judicial character." The vague powers of the tribunals or the individuals who assumed the right to represent them, the practical impossibility of appeal, "the frequent interposition of the Government from motives of favour or displeasure," allowed the very machinery of justice to be utilised for the purposes of violence. The system, to use the language of Lord Moira in 1815, was left entirely at the discretion of the Amils (native magistrates), the lives and properties of all the population of their several jurisdictions. There was only an appeal to the immediate sovereign or the State, and he was generally inaccessible."

7th Report of Committee of Secresy, 1773. See *Field's Regulations of the Bengal Code*, 136.

The first step was the establishment of courts, which was carried out in 1772, and, on an improved system, in 1780, general control being secured by the provisions of an appeal to the President and Council. In 1790 the Government assumed the direct superintendence

Establishment of Courts.

of the administration of criminal justice, which had till then been left in the hands of a high Mahomedan official. The law to be applied "in all suits regarding inheritance, marriage, caste and other religious usages or institutions," was the Koran for Mahomedans, and the Shaster for the Hindus, a principle which has been invariably enforced on all subsequent occasions. In 1793 Lord Cornwallis gave to the courts a far more elaborate organisation, vested the collection of the revenue and the administration of justice in different officials, and declared that the Government itself, no less than its subjects, would thenceforth be amenable to the ordinary tribunals. The paramount ascendancy of law, even over the ruling power, was thus solemnly announced, and the courts became, as they have been ever since, the refuge to which the humblest could look for protection against every form of illegality.

Regulations of 21st August 1772. *Field's Regulations*, 137.

It would be unprofitable to follow the long course of practical experiment, which has resulted in the form and constitution of the existing tribunals. It is enough to say that, by general admission, no part of the British system has made a deeper impression on the native mind, or inspired greater confidence. Continued and successful efforts have been made to raise the status and emoluments of the native judicial officers, and the administration of justice has been rendered in the higher classes of courts

Gradual improvement of the Courts.

entirely, and in all comparatively pure. A further experiment in the direction of introducing into some localities a humbler and simpler order of court is now in the course of trial; but it is by no means certain that the change will be found advantageous. On the other hand, experience appears to indicate that the people, as a rule, greatly prefer the British courts to native arbitration, and are but little inclined to make use of the ample facilities provided by the law for this latter mode of adjudication. No change is less popular than a proposal to remove any class of rights or claims from the jurisdiction of the courts to the discretion of executive officers, or to restrict the somewhat excessive powers of appeal which Indian litigants now enjoy.

Letter of the Government of India, 8th June 1880.

The question as to the law to be administered in the courts was one of which it was far less easy to dispose. The principle laid down in 1772, under which the personal law of the Hindus and Mahomedans in all religious or domestic matters was preserved to them, has been, a century later, re-enacted in the various measures which have constituted the civil courts. But this rule of action was, from the outset, for various reasons, quite insufficient to meet all the requirements of the case, and is at the present day more than ever inadequate.

Law to be administered.

Native Law preserved on certain subjects.

Bengal, Act VI. of 1871.

In the first place, there are classes, numerically

small, but socially and politically important, and yearly becoming more numerous and more influential, who are altogether without the pale of native law. Again, even as regards the great mass of the population, there are large areas of modern life for which neither Hindu nor Mahomedan law can by the boldest construction be made to provide. Hindu law, indeed, in its integrity, is adapted to nothing but the primitive existence of pastoral tribes enjoying their flocks in common, and mainly absorbed in religious ceremonial. This difficulty was recognised from the outset, and the courts were desired, where positive law failed them, to decide according to "equity and good conscience."

Inadequancy of Native Law.

Other portions of the native systems, again, were too abhorrent from English sentiment and belief, to be tolerated by the ruling power, and have been deliberately swept away. The crime of apostasy, for instance, was visited by Hindu law with forfeiture of every civil and social right, but since 1850 no forfeiture of rights or property can legally follow on a change of religion or exclusion from caste. Complete religious toleration has thus become the law for populations, who certainly, if left to themselves, would regard a change of religion as justly punishable with any mundane inconveniences which law or custom might attach to it. So again, the law or custom which forbade

Instances in which Native Law has been set aside.

Act XXI. of 1850.

the re-marriage of a Hindu widow has been categorically repealed. Native converts to Christianity can obtain a divorce from any husband or wife who withdraws from their society in consequence of their change of creed, and a valid civil marriage has been provided for persons whose convictions have carried them beyond the pale of any of the religions of the country. The British power has, in fact—to use Sir James Stephen's language—"faced the problem whether or not the English people meant to give the force of their law and social organisation to a system of intolerant idolatry,"* by establishing the fullest freedom of conscience throughout the whole of India. Other instances of interference with native custom are the prohibition of widow-burning, an abuse long tolerated, but which now falls within the scope of the ordinary law of homicide; and the measures designed for the protection of boys from infamous usage in Upper India; and for the suppression of infanticide in Rajpootana and elsewhere. The practices in vogue at most Hindu temples as to young girls fall, also, there is good reason to suppose, within the scope of the penal code, if its enactments were rigidly construed against them.

Act XV. of 1856.

Act XXI. of 1866.

Act III. of 1872.

Suppression of Suttee. Act XLV. of 1860.

Act XXVII. of 1871.

Act VII. of 1870.

* *Narrative of Indian Legislation under Lord Mayo.*

Consolidation and re-arrangement.

Besides, however, the task of supplementing the deficiencies of the native law, and setting aside such parts of it as were considered immoral or inequitable, the legislature has been engaged, especially for the last twenty years, in a great work of simplification and re-arrangement.

Obscurity of earlier Regulations.

The earlier regulations were of the character of official instructions and explanations rather than of legislative enactments; and, as their number increased, and the area of their application was enlarged, they became, in course of time, hopelessly unwieldy, entangled, and confusing. Human diligence shrank from the task of searching amid the voluminous provisions of obsolete or repealed legislation for a germ of living law; and grave illegalities not unfrequently occurred, owing to the ignorance which the chaotic condition of the statute book rendered almost inevitable.* The law on every topic had to be found in several disjointed and often conflicting enactments, and the unhappy official, bent on administrative activity, found himself constantly hampered by the impossibility of ascertaining the law under which he was empowered to act. The

Confused condition of the Law.

* It was discovered, for instance, in 1871, that almost every criminal trial which had taken place in Bengal and the North-Western Provinces since 1829 had been irregular, owing to the absence of jurisdiction to try the more serious class of cases, and that this absence of jurisdiction had escaped notice, owing to the confused language and entangled provisions of the Regulations.

waste of time, temper, and efficiency, thus occasioned, became yearly greater as notions of legality became more generally familiar, and departures from the strict letter of the law less safe. This grave evil has now—thanks to the assiduous labours of the legislative department, and, not least, of the skilful and erudite lawyer who at present presides over it—been entirely removed.

A perfect forest of obsolete or unnecessary enactments has been cleared away, and the whole law, on almost every topic as to which the Legislature has been free to act, is now contained in enactments, which for clearness of language and simplicity of arrangement leave little to be desired. The penal code—an invaluable monument of Lord Macaulay's versatile genius—has long been accepted as an almost perfect model of legislation; and the improvements of the draughtsman's art to which the modern English statute-law bears witness, have been successfully imported into all the more recent Indian Acts. So many of the great chapters of law have been thus dealt with, that they require only to be transplaced from their present chronological order into some systematic plan of arrangement, to present the appearance of a symmetrical and almost completed code.

Work of Consolidation almost complete.

Great gaps, however, still exist, and the right method of dealing with them has been, and still is, a topic of somewhat acute

Portions still unfinished.

controversy. On the one hand, there is always in the official world a latent dislike of legislation, grounded, perhaps, more on the immediate trouble which it involves than on any well-considered objection to the principles on which it proceeds, or the results to which it is directed. On the other hand, those whose thoughts are occupied more with the shape, expression, and arrangement of the law than with its practical administration, are tempted to overlook the enormous inconveniences to which premature or ill-designed legislation may give rise, and to forget that an ideally perfect enactment may prove positively mischievous, if it occasion unnecessary labour to the official interpreters of the law, or unnecessary bewilderment to the millions whose daily lives and habits it affects.

General agreement as to the utility of Codification.

Despite the difference of opinion, however, all classes of Indian officials have gradually become convinced of the usefulness of an explicit and well-arranged code.

The objections which, at one time, even intelligent and well-instructed judges were accustomed to offer to the progress of legislation, have been effectually answered by the practical demonstration of the increased facility with which—confessedly owing to legislation—their official duties are now performed.

Each enactment, as it appeared, has cleared a fresh area from confusions, obscurities, and contradictions, which were formerly a standing puzzle,

and has obviated the necessity of troublesome and thankless researches, and so far relieved the Courts of the most harassing and unprofitable portion of their work. In the same way the executive officials have learnt to understand that a clearly expressed law is their friend instead of their enemy, and that administration by rule of thumb—however congenial to a certain order of mind—is incompatible with well-ascertained rights, and the habits and feelings of a legally constituted and law-abiding community. The fiction that English rulers have drifted away from some patriarchal system of government, congenial to the people, and have substituted for it the principles and technicalities of English law, may still lurk in the minds of a few uneducated or prejudiced officers; but no one can acquire the most common acquaintance with Indian administration and Indian laws without becoming convinced of the absurdity of the accusation.

Untruth of charge, that English have forced their own Law on the country.

Some of the main principles of English Government we have, indeed, introduced —unvarying and invariable justice, the sense of individual right, the notion of proprietorship, the equal amenability of high and low, ruler and subject, to the law. The very conception of ownership of land was impossible so long as the ruling power and its delegates swept off—as under native government they habitually did—whatever margin of profit the bounty of the soil accorded to the cultivator who tilled it.

English ideas introduced.

Justice, in the Indian peasant's understanding of the word, often meant little more than the capricious good-nature of an irresponsible despot, or the skilful administration of a bribe. The work of the British administration has been to substitute for this state of things a *régime* of order and justice as Englishmen conceive it. "Government by law" is, as Sir James Stephen pointed out, "the only real security for life or property, and is, therefore, the indispensable condition of the growth of wealth." A century of security has enormously added to the wealth of the country, and that increased wealth has, by a necessary re-action, continually given greater prominence and importance to law, and even introduced some legal conceptions which were previously almost unknown. So far the charge of innovation may be cheerfully admitted.

Strict preservation of Native Law.

Alongside, however, of this process, there has been going on another of a highly Conservative character. The English courts were desired to administer native law in all the social and domestic affairs of natives, and continued efforts have accordingly been directed to ascertaining exactly what that law is, and to shaping the decisions of the courts in strict conformity to its requirements. The consequence is that the law, instead of being, as it formerly was, a loose system of floating custom, has been stereotyped into the precision and fixity of a statute. Hindus assuredly have never known so much about

their sacred books as their foreign rulers have taught them, or have had their contents so rigidly applied to the adjudication of their claims. The growth of custom, which amid the disorders of preceding Governments was everywhere at work, enabling communities or individuals to bend the sacred texts or to escape from their mandates as convenience required, has been arrested, and the law, as it existed a hundred years ago, is preserved from disintegration, so far as the erudition of scholars, the accuracy of lawyers, and a rigid adherence to precedents on the part of the courts can secure it. Hindu law accordingly, if it is ever to get rid of its grotesque or unmeaning parts, must be purged of them by express legislation. The judicious desire of the rulers of the country to leave the native law untouched, has thus given it an unbending character and a binding efficacy which it previously lacked. The English in India have committed many mistakes, but rash interference with native law is assuredly not among them. The very fact, however, that the unconscious process of modification has been arrested will, sooner or later, render the conscious action of the law-reformer indispensable.

Increased rigidity of Native Law.

Assuming that the question of giving a civil code to India is no longer an open one, we may pass to the consideration of the means by which the completion of its unfinished portions may be most safely and conveniently accomplished.

Secretary of State to Government of India, 20th July, 1876.

And, first, as to the structure of the legislating body. Is the Legislative Council, as at present constituted, the best instrument which could be designed for the purpose? It consists of five ordinary members of the Viceroy's Executive Council, the Commander-in-Chief (if appointed, to be Extra-ordinary Member of Council), the Lieutenant-Governor or other head executive official of the province in which, for the time, the Council is held, and not more than twelve nor less than six additional members appointed by the Viceroy, of whom half must be non-official. This arrangement was adopted in 1861, in modification of that provided by the Act of 1854, under which, for the first time, the Legal Member of the Viceroy's Council was admitted to its executive deliberations; and "Legislative Councillors," including the Chief Justice and another Judge of the Supreme Court, were appointed by the Government of India and the local administrations to assist in legislating for the whole country. By the Act of 1861 separate legislatures were created for the Government of Bombay and Madras, and provision was made for the creation hereafter of similar bodies in other provinces; at the same time the judicial element was eliminated from the Viceregal Council. Since then the courts have taken no share in the work of legislation, except in the form of occasional criticism of

24 & 25 Vic. c. 67.

16 & 17 Vic. c. 95.

Indian Council's Act of 1861.

Little part taken by the Courts in Legislation.

Bills previously introduced into the Council, and circulated for an expression of opinion. Many of the most important measures have been originated, discussed, revised, and ultimately passed, without any co-operation of the least degree of importance on the part of the judges. On the other hand the nominees appointed to serve as additional Members of Council are necessarily in almost every instance officials or commercial gentlemen, without the special knowledge and training necessary to enable them to render really useful aid in the technical details of legislation. A civilian's education and line of study are as remote as possible from those of a Parliamentary draftsman, but the knowledge and skill of Parliamentary draftsmen are what is really wanted. Moreover, as the Legislative Council, though without executive powers or responsibilities, could occasionally make itself felt in executive matters which required legislation to carry them through, it became necessary for the Government, in nominating members, to guard against the possibility of a troublesome opposition. The Parliamentary form given to the procedure of the Council, allowed a member on whom other people's responsibilities happened to sit lightly, to offer formidable impediments to the transaction of public business, and even to excite public feeling on matters on which it is above everything desirable to avoid excitement. On such questions, for instance, as the imposition

Composition of the Council.

of a License or Income Tax, conflicting opinions may reasonably be, and are, entertained; but everyone would agree that popular agitation is the least desirable method of settling the question. Yet additional Members of Council have not always been able to resist the temptation of posing as popular agitators, backing their rhetoric by appeals to provincial dissatisfaction and delivering forcible opposition speeches against Government, for whose embarrassments they felt no responsibility and but little regret. Now opposition oratory, though a necessary and healthy ingredient in the proceedings of a deliberative assembly, is a real danger in a body such as the Legislative Council, which has no executive duties or responsibilities, which is not intended to deliberate on matters of general policy, and which may, accordingly, in the hands of an injudicious or unscrupulous member, prove only a convenient platform for disparaging the policy on which the Government, in its executive capacity, has determined.

Deliberation of course there must be, but by the time a matter has reached the Legislative Council the conclusion has been arrived at, and public attacks on it, especially if of a rhetorical character, can do nothing but stir up feelings against it, which might probably otherwise not exist, or at all events not assume so distinct a form. This is especially the case with measures of taxation, which are always necessarily unpopular, and are not likely to be better liked for the assaults of semi-official

denunciators. Thus it has come about that while, on the one hand, the only people practically familiar with the working of the law have been excluded from the Legislature; on the other hand its members are necessarily appointed, not so much for their exceptional capacity for law-making, as from the confidence that they will, at any rate, not utilise their position so as to give trouble to the Executive.

Law Commissions.

Attempts have been made on various occasions to provide for the design and initiation of codifying measures for India, by means of English experts sitting as a Law Commission and framing Bills which the Legislative Council of the Indian Government might subsequently pass into law. The Act which renewed the Company's Charter in 1833 provided for the appointment of such a body, with a view to the reform of the judicial system and the enactment of laws generally applicable to all classes of the inhabitants; and the same provision was enacted on the renewal of the Charter twenty years later. The distinguished statesmen and lawyers who served on the commissions thus appointed made contributions of the highest importance to the substantive law of the country.

3 & 4 W. IV. c. 106.

Valuable contributions by the Law Commissions to substantive law.

The Penal Code.

The Penal Code, which is connected with the name of Lord Macaulay, placed the whole law of offences on a systematic and intelligible basis, and supplied a perfectly

invaluable model of methodical arrangement and lucid language for the guidance of subsequent legislators. A second great instalment of law was furnished in a Code of Testamentary and other Succession Acts for domiciled Europeans and other classes for whom the native law did not provide. This Act, however, was designedly little more than a skilful reproduction, in statutory language, of the rules which governed the English courts, and when the portions of the law immediately affecting native interests came to be taken in hand, it was discovered that not even the most eminent abilities and widest professional experience would enable a body of English lawyers, with no special familiarity with India, to frame enactments which would adequately meet the requirements of populations whose ideas and habits were cast in an altogether different mould, and whose law was based on altogether different conceptions from those of the western communities. Difficulties, too, were experienced in adjusting the relations of the commission—which had no recognised legislative powers—to the Indian Council, whose legislative powers were conferred in language hardly compatible with a subordinate position, or with the passive acceptance of measures in the construction of which it had no part, and of whose advisability it might not feel assured. In more recent time a consideration of these difficulties, and of the great cost

Indian Succession Act.

Difficulties connected with Law Commissions.

Indian Law Commission of 1879.

of the first Indian Law Commission—£223,000 in fourteen years—led to the temporary appointment of two of the Indian Judges who, with the Legal Member of Council, were directed to consider the subjects on which codification of the law was most urgently required, the order in which these subjects should be taken up, and the general course of action to be adopted. The report of this commission explained in detail the classes of subjects for which legislation was considered especially desirable, and recommended the immediate passing of several measures with a view to supplying the most serious deficiencies of the statutory law. The projects of codification thus submitted embraced (1) bills of exchange and other negotiable instruments; (2) mortgages, leases, and other forms of transfer of property; (3) alluvion; (4) master and servant; (5) easements; (6) trusts. These are now, by the permission of the Secretary of State, to be referred to Select Committees of the Legislative Council, and to be circulated in India for the consideration and criticism of the local authorities.

Government of India to Secretary of State. 10 May, 1877.

It would be premature to hazard a conjecture as to the modifications which local experience may suggest in the projects thus submitted. This much, however, is clear—the codification of Indian law cannot be very far from completion when these are the topics which principally call for the action of the Legislature, and which, in the opinion of those most familiar

with Indian courts, ought to be first taken in hand. The fact is that, *sua si bona norint*, the people of India have already a code on almost all branches of law on which codification is in any way a pressing necessity. The daily affairs of their life, society, and religion are governed by personal customary laws, with which, as a matter of policy, no legislative interference is attempted; and, even on the subjects for which codification is proposed, the customs of the country provide a rule which, ninety-nine times out of a hundred, is practically sufficient. As to the first subject, for instance — negotiable instruments — no less an authority than Sir Arthur Hobhouse satisfied himself in 1875, by personal inquiry, that "no difficulty occurred in practice, that it was a very rare thing for a dispute on a negotiable instrument to come into an Indian court of law; that nobody wanted any change; that unless *hundis* (*i.e.* the great bulk of the negotiable instruments of the country) were excepted from the measure, the native community would dislike it extremely, and that even with regard to the English transactions, the introduction of a code would probably only create difficulty where none now existed." Similar inquiries would probably result in a similar view as to most of the other subjects with which the proposed enactments deal. They may be necessary to round the symmetry of the Indian Code; but they will fill no gap where the absence of law is

Government of India to Secretary of State, 4th March 1875.

acutely felt to be a practical inconvenience; on the contrary they are, for the most part, deprecated by those whose interests are most immediately concerned.

But though general codes of substantive law cannot be regarded as a pressing necessity, legislation is greatly needed in other directions. The courts are, to a large extent, occupied with discussions of points which the existing statutory law has left in obscurity, arising either from inaccuracy of language, insufficiency of explanation, or the application of enactments to new and altered circumstances for which it was impossible for the legislator to provide. Another fruitful source of difficulty and dispute is furnished by portions of the native law, which successive rulings of the courts have failed to rescue from the confusions or inconsistencies of the sacred texts. The effect of a Hindu widow's unchastity, for instance, on her rights of inheritance has been over and over again debated in the courts, and decided in opposite senses, according to the view taken, on each occasion, of precepts and analogies which might, with equal propriety, be claimed as supporting either interpretation. Again, the effect of alienations by a managing member of a Hindu family is a point on which text-books and custom are alike indistinct, and which, notwithstanding innumerable rulings of the courts, is still a constant

Direction in which legislation is required.

Amendments of existing statutory law.

Amendments of native law.

topic of dispute. Upon points such as these where the most conscientious endeavours to ascertain and define Hindu law, have resulted in a conflict of opinion, the intervention of the Legislature would, I believe, be regarded as a boon by classes now exposed, at every turn, to the risk of ruinous litigation.

Upon both these classes of subjects legislation is desirable, as well as on a variety of matters of detail for which the existing law makes no adequate provision, and which can best be dealt with in special measures as from time to time the necessity for them forces itself on public opinion. The *desideratum* would, accordingly, appear to be not so much the enactment of general codes dealing systematically with great chapters of Indian law, as a gradual accretion of written rule, and its development in one direction or another, according as practical experience points the way, and the ascertained wants of society call for interference. For legislation of this kind it is necessary that the courts should be carefully watched with a view to ascertaining the points at which the judges find the task of enunciating and applying the law especially difficult. The machinery by which this might be effected was long ago suggested to the Government by the distinguished authors of the Indian Penal Code. They recommended that every case where a difference of opinion arose as to its

Gradual development of existing law desirable.

Recommendation of Indian Law Commission.

construction, or even a doubt was entertained as to its meaning, should be officially reported, and that any defects thus ascertained should be forthwith remedied by legislation. A continual process of law amendment, of the safest and least inconvenient order, would thus be going on, and the necessity for costly reports of judicial interpretations of the law would not arise. "An addition of a few pages to the code," they observed, "will stand in the place of several volumes of reports, and will be of far more value than such reports, inasmuch as the additions to the code will proceed from the Legislature, and will be of unquestioned authority; whereas the reports will only give the opinions of the judges, which other judges might venture to set aside." The Indian Law Commissioners, in a subsequent report, carried the same recommendation still further, and advised that besides embodying in each new edition of the code all "judge-made law" of the preceding period, the opportunity should also be taken "to amend the body of law under revision in every practicable way, and especially to provide such new rules of law as might be required by the rise of new interests and new circumstances in the progress of society."

Partial fulfilment of the Law Commissioners' programme.

The course of law amendment and law construction thus indicated has, unfortunately, been very partially pursued. A formidable body of "judge-made law," in the shape of reported cases, has grown

up, and the idea that difficulties experienced on the Bench should be promptly reported to, and remedied by the Legislature, was never further from completion. The remedy is, I believe, to be found in recurring to the programme suggested by the Law Commissioners, by developing still further the arrangements which they proposed for prompt intercourse between the courts and the Legislature and by providing more efficient machinery for carrying these arrangements into execution. With this view it would be desirable to restore the judicial element in the Council, thus returning to the policy of the Act of 1854, and, indeed, of the Regulating Act of 1773, which necessitated the submission of Rules and Regulations made by the Governor-General to the Supreme Court. Not only the Chief Justices of the High Courts, but any other judges, either of the High Courts or subordinate local tribunals, who showed aptitude or inclination for the work, should be made additional members of the Council for the purpose of legislation. At the same time it should be distinctly laid down that the duties of the Council are confined to giving a legislative form to measures on which the Government has resolved, and precautions should be taken against the risk of its interference with the decisions of the Secretary of State, and the executive action of the Viceroy and his colleagues.

Proposals for strengthening the Legislative Council.

Judicial element should be restored.

The sphere of the Legislative Council should be restricted.

The chief law officers of the Crown should also be *ex-officio* members, and should be expected to advise, as responsible experts, on proposed enactments, and to recognise the improvement of the law as one of the most important of their duties. Personal attendance, where it was inconvenient, might be dispensed with; in fact, the formal meetings of the Council and its quasi-parliamentary procedure might advantageously be replaced by the ordinary arrangements of a commission. The proposed measure, the views of its supporters and opponents, and the grounds of approval or dissent, should in each instance be laid before the Government, and the Viceroy in Council might then order it to become law.

Law Officers to be joined.

Personal attendance should be dispensed with.

Reports to be submitted to the Government.

In order to secure an accurate account of doubtful points to which the administration of the law gives rise, there should be in each Appellate Court an officer entrusted with the duty of drawing up a short statement of the difficulty. This should be revised by the sitting judge, who should add his suggestions of the amendments or additions for which it seemed to call: this, again, would go before the Chief Justice, who would pass it on with his own recommendations to the Legislative Council. Here it would be finally considered, and a report would be adopted, upon which the Government might act, either in direct legislation or by directing

An officer in each Appellate Court to report doubtful points.

the report to be published and circulated for the information of the public.

Provision would thus be made for a safe, natural, and almost automatic growth of legal enactment at those points at which practical experience showed it to be necessary. Nothing would become law till the community had felt the inconvenience of its want, and was prepared to welcome the promulgation of a settled rule; nor until the most acceptable form of legislation had been ascertained by actual observation of the facts and interests immediately concerned. On the one hand the law would be still "*judge-made*," inasmuch as it would be based on the daily experience of the courts, and the practical necessity of finding a rule of decision applicable to each new phase of human life that comes within the scope of judicial action. On the other hand it would have all the many advantages of statutory enactment in laying down an unambiguous rule, and in sweeping away, as only statutory enactment can, the obscurities and confusions to which the tangled mesh of human affairs is apt, sooner or later, to give rise. The natural growth of law by means of its exposition by the judges, and the application of old rules to new circumstances, would go on as at present, only aided, supplemented, and controlled by legislative action wherever the need of a fresh enactment became apparent. In this way the codification of Indian law might be in a few years almost

Automatic growth of law.

imperceptibly completed, and at the same time an opportunity would be afforded to the natives for the calm consideration and intelligent reform of such parts of their laws as have become obsolete, unnecessary, or distasteful, and thus for replacing by a conscious process of reform, that unconscious, but not the less useful, growth of custom which the English administration has had the effect of arresting.

Codification might be imperceptibly completed.

Opportunity for reform of native laws.

CHAPTER VII.

AGRICULTURAL AND INDUSTRIAL IMPROVEMENTS.

Neglect of opportunities of wealth.

If the account—summarized at the outset—of the condition and prospects of India be at all correct, there can be little doubt as to the general direction in which the active intervention of the Government, with a view to promote the welfare of the people, is most likely to be useful. A population of peasants, ignorant of everything but the simplest and humblest forms of life, is maintaining itself, by rude and comparatively unprofitable agriculture, at a low level of existence. The life of millions is one of few pleasures and constant hardships, varied by signal privations whenever any vicissitude of a precarious season lessens the available supplies of food in any locality. Meanwhile, the whole physical world around them, rich in innumerable opportunities for the creation of wealth, is, to a great extent, unutilized and almost unexplored.

Partial agricultural development.

One special agricultural product—opium—of which India has at present almost a monopoly, has been developed under State management into importance; and raw cotton, rice, grain, and oil-seeds have become promising exporting industries. But, after all, large portions of the country remain in the condition of semi-reclaimed jungle or complete desert; while the 200 millions of acres under cultivation produce but a fraction of the out-turn which would be obtained by scientific methods of culture and the outlay which such methods involve. The eager observation and assiduous industry of generations of peasant-cultivators has, indeed, resulted in many valuable discoveries and many ingenious contrivances; but the invention and ingenuity of the people have been busied more with making the most of very slender means, than with the costly contrivances in which capital and science combine to turn natural advantages to the best account, and to secure a remunerative return even from sterile soils and an ungenial climate. The native cultivator, guided by traditional rules and methods, no doubt gets a better crop with his ill-constructed implements and half-starved cattle than an European would obtain under similar conditions; but the ignorant labourers, who have for so many generations done little more than scratch the surface of the soil, had necessarily a very inadequate conception of its vast resources.

Ingenuity directed principally to making the most of slender means.

We have seen* that, supposing the average out-turn of India to be raised to that of Great Britain, the sustenance of an additional population, twice the size of that which at present occupies the country, would be provided; and it is proved, almost to demonstration, that nothing but ignorance and poverty prevents this average from being obtained. In the few instances in which proper cultivation has been carried out in India, the out-turn has immediately risen to something not far from the highest English rates. Even this, however, is acknowledged to be far below the standard which the general application of scientific methods would render attainable. That distinguished pioneer of agricultural science, Mr. Lawes of Rothamstead, has for many years in succession raised an average of thirty-nine bushels of wheat from properly manured land; and in some countries where peasant proprietorship has induced exceptionally careful tillage—Jersey for instance—the average out-turn of wheat is said to be thirty-seven bushels. The causes of the small out-turn in India have been explained by every skilled agriculturist who has examined the subject. The universal habit of using cattle-dung for fuel—the loss of vast masses of manure occasioned by the cattle being turned out to graze on waste and mountain lands—the entire neglect of stall-feeding—the absence of

Effect of scientific agriculture in England.

Causes of small agricultural out-turn.

* p. 18.

fodder crops—the light ploughing in localities where the cultivation of a few inches greater depth would open up practically a virgin soil—the total ignorance of the artificial manures, which, within the last half-century, have revolutionized English agriculture—the recklessness with which, wherever canal water is supplied, heavy crops are taken off the soil year after year, without any compensating return being made to it—all point to the necessary result, which statistics independently establish, that the yield over vast areas is not much above the lowest to which an exhausted soil can be reduced. In fact, Mr. Lawe's experiments in England have established that by continuously cropping the same soil with the same crop for a period of thirty years, without any manure or other restorative appliance, an outcome about the same as the Indian average will be obtained.

The wasteful and unscientific character of the national agriculture is all the more serious because agriculture is, speaking broadly, in most parts of the country, and to a vast majority of the people, the only means of livelihood. It has, indeed, since the introduction of cheap means of locomotion, become a far more profitable business than before; and the growth of the Indian Export trade from 11 millions to nearly 70, attests the vast increase of national wealth which railways are bringing about. But the whole of this, with an insignificant exception, consists of raw grains, or of partially manipulated

Agriculture the only industry.

agricultural produce, such as indigo or opium; and the materials which India thus sends away are just those which, if the necessary appliances and skill were available, her own people might utilize with most advantage for themselves. The Indian exports of raw cotton, for instance, average 11 or 12 millions sterling; while, on the other hand, Manchester sends annually to India 19 millions of cotton twist and manufactures. India, again, exports between 15 and 20 million lbs. of raw tobacco, which the handicraftsmen of other nations—certainly not greater adepts at skilful manipulation than her own—work up into other and more profitable forms. Again, though India has admirable facilities for the production of sugar, so rude is the Indian manufacture of this staple, that it has never taken a place in foreign markets. Only 620,000 cwt.—worth about 16*s.* per cwt.—are, on the average of years, exported; and the imported sugar is so superior in quality that, though less by 100,000 cwt. in quantity, it is worth £300,000 more than the exported article. Again, India exports 24 million lbs. of wool, and imports three-quarters of a million's sterling worth of woollen goods—a branch of manufacturing industry which, till recent times, has been altogether unattempted. Many millions of hides, again, are yearly exported, while the manufacture of leather, of any but the rudest order, has been, till within the last few years, almost unknown. Another field for profitable enterprize is afforded by the various silk

cocoons and fibres, with which most parts of India abound, the importance of which, for manufacturing purposes, the capitalists of Europe are now only beginning to appreciate.

In each of these branches of trade there is every reason to believe that thriving industries might be set on foot. The raw article is produced on the spot in abundance, a practically unlimited supply of the cheapest possible labour is available; and there is a population in India of 250 millions as customers of the manufactured article, to say nothing of the trade with surrounding countries—Afghanistan, Persia, Arabia, Central Asia, China, Japan, and, there is reason to believe, Australia.

Manufacturing resources of country undeveloped.

The cases just mentioned, however, are but striking instances of the generally undeveloped condition of the resources of the country, and of the enormous waste involved in the neglect of such favourable opportunities of manufacture. In every direction vast natural resources are lying either wholly unused or turned to very poor account. The splendid forests, still only partially protected from the destruction wrought by popular ignorance and recklessness, are in themselves a grand source of future wealth, if only reasonable measures of preservation can be enforced against popular prejudice and selfishness on the one hand, and official indifference or sentimentality on the other. The growth of timber in almost every part of India is so easy and rapid that

we may reasonably hope, as knowledge on the subject increases, to see many tracts—now sun-cracked and ravine-torn deserts—reclaimed by proper culture for profitable human use. The mineral wealth in many parts of the country, again, in iron and coal, is ascertained to be considerable; and the remarkable outburst of speculation which has recently taken place in gold-mining, though it cannot be regarded without apprehension, is probably only the first of a series of attempts on the part of European capitalists to find a profitable outlet for their unused resources in this direction. The few experiments hitherto made by the Indian Government as to the possibility of iron manufacture, have been fitful, unsystematic, inadequate, and altogether unworthy of the importance of the subject. If it be possible, as some good authorities have maintained, to produce iron on the spot at prices which can, on the average, compete with those of England, a great field for industrial enterprise would be opened up; and the chance of success deserves all that the State can do in the way of money and attention to bring it about.

Protection impossible.

Some obvious means, which suggest themselves for the promotion of local industries, whatever be their intrinsic merits or defects, are, from the special circumstances of India, out of the question. The powerful interest of the English manufacturers, sorely pressed by the disadvantages under which the protective tariffs of other nations place them, will assuredly

at all times render it impossible for any Government permanently to permit in India any Customs arrangements which would give the Indian manufacturer an advantage over his European rival. It is, therefore, unnecessary to touch further on the much-disputed question of the Indian cotton duties than to say that our experience since the recent changes of the tariff has indicated the extreme sensitiveness of English trade to the incidence of an import duty, and the readiness with which it responds to any relaxation of an unfavourable tariff. The exemption of certain classes of goods a year or two ago from duty has already revolutionized the trade. The change did not begin to make itself felt till July 1879; at that date the respective quantities of dutiable and duty-free cotton imports stood as follows:—*

Revolution in the trade effected by change of tariff.

April to July 1879.	Dutiable Goods. (Millions of lbs.)	Non-dutiable Goods. (Millions of lbs.
Monthly average imports	8¼	1¼

Before March of the following year, so rapid had been the movement of the trade in adapting the manufacture so as to escape from the duty, that the relations of dutiable to non-dutiable goods had been completely reversed, and the quantities stood thus:—

March 1880.	Dutiable Goods. (Millions of lbs.)	Non-dutiable Goods. (Millions of lbs.)
Imports . . .	2	9

* *Review of Maritime Trade of British India for* 1879-80. T. E. O'Connor.

And before June of that year the non-dutiable imports had risen to 85½ per cent. of the whole.*

The change continued to operate during the first six months of the year 1880–81, as the following figures indicate.

Millions of Yards of Grey Goods imported from 1st April to 30th September.

	1878.	1879.	1880.
Dutiable . .	358	323	164
Free . . .	9	99	361
Total .	367	422	525
Total value in millions sterling . .	4	4¼	6

These figures establish, beyond the possibility of dispute, that the English trade is sensibly affected even by so small a burthen as a 5 per cent. import duty; and they have led to the suggestion that, with a view to avoiding the inconvenience occasioned to the trade by the favour shown to certain classes of goods, the present differential tariff should be replaced by a small duty levied indiscriminately on all. This contention has been strengthened by the circumstance that the increase in the imports of the superior classes of goods, known as "white" and "coloured," which were unaffected by the change of duties, has been still more pronounced than that in the inferior classes

Proposal to levy an uniform duty on all classes of goods.

* *Review of Maritime Trade of British India for* 1879-80. T. E. O'Connor.

which benefited exclusively in the relaxation. The imports of these classes for the six months, as contrasted with the two preceding years, are as follows:—

Millions of Yards of White and Coloured Goods imported from 1st April to 30th September.

	1878.	1879.	1880.
White . .	99	96	125
Coloured .	73	75	143

From these figures it must be inferred that the large increase of total cotton imports in 1880 was due, not so much to any change of tariff, as to the recovery of the country from the paralysing effects of the recent famine, and the increased purchasing power of the community. The imposition of a duty, however, on all classes of goods alike, irrespective of quality, would be to give up the principle, which Parliament, the Secretary of State, and the Indian Government have so frequently and so solemnly enunciated with regard to a protective tariff; and the reimposition of a charge on classes of goods which have been once exempted, would be the signal for an outcry which no Government would dare to face. A simpler remedy for the alleged inconvenience is, fortunately, available. The relaxation already accorded to "grey" piece goods will entail a loss of revenue for the year of, probably, £300,000 out of the £490,000 which were formerly derived from this class of imports.

Proposal to abandon all duties on grey goods.

If the grievances alleged to arise from a differential tariff are really insurmountable, the better course would be to abandon the remaining £190,000 now levied on the finer kinds of "grey" goods, and thus leave the whole of this class untaxed. There will then be only about £400,000 yielded by the finer yarns, and by "white" and "coloured" goods; and, if our present financial prosperity continues, it will no doubt be possible, at no distant date, to surrender this last fragment of the cotton duties, and thus to leave this great branch of industry open to the unrestricted competition of the world.

Apart from the political importance of such a result in terminating a dangerous collision of interests between England and India, its economic importance would be immense. The fact that 250 millions of people can buy better clothes, at a cheaper rate than would otherwise be possible, is a consideration of such magnitude, that the interests of a small class of manufacturers and their employés, however desirable it may be on public grounds to consult them, cannot, for an instant, be weighed against it. Any practical discussion of the subject must, it is clear, proceed on the assumption that the industries of India must depend for their success on other causes than a protection tariff.

Important political and economical results of such a change.

Protection, then, being out of the question, we have to inquire how industrial enterprise in India

can be best enabled to meet the competition of Europe? In the first place it will not be enough, as with the wealthier and more enterprising and speculative populations of the west, for the State to confine its action to the removal of unfavourable conditions, and trust to the activity of individuals to utilise every opportunity to the utmost. In India there is no great supply of capital seeking investment, nor are there in any class the habits and temperaments which lead to bold, vigorous, and persevering endeavours to discover and utilise fresh opportunities of acquiring wealth. The great enterprise, in which 162 millions have been advantageously laid out in railways, canals, and telegraphs, has been due wholly to State intervention; it was conceived and elaborated wholly by Government officials; and though the guaranteed companies are entrusted, subject to official control and supervision, with the management of their lines, the whole motive force throughout has been supplied by the State, and the unfortunate and somewhat discreditable collapse of the Orissa and Madras Irrigation Companies has attested with distinctness the difficulty, in irrigation schemes at any rate, of private enterprise carrying through such undertakings successfully. It may safely be said that but for the intervention of the Government, India at the present moment would either have no railways, canals, or telegraphs at all, or would be

How is industrial enterprise to be developed?

Little wealth or commercial enterprise in India.

burthened by a series of ill-designed, ill-managed, and insolvent concerns, which, like the two ill-fated projects just mentioned, the Government would be forced at last, on grounds of public interest, to rescue from the necessary consequences of injudicious design and unskilful management.

Productive Public Works scheme.

In other cases valuable industries have been called into existence, and brought into successful operation by the State acting as pioneer, selecting the field of action, trying the experiment, demonstrating its success, and then handing over the business to private individuals. Tea-planting has been thus established, and is carried on over 200,000 acres, the yearly exports having risen to 34 millions of pounds, of the value of about 3 millions sterling. Cinchona and tobacco are, in like manner, being carried by State agency through the perilous stages of infancy, and are on the high road to become great and robust industries. On the whole there can be little doubt but that, if only sufficient time, money, and attention were given to the subject, there is still a practically unlimited field for State action in this direction. It is satisfactory to know that so much has been achieved, but it is important to remember how much remains to be done, and that for three quarters of a century of British rule scarcely anything of the kind was attempted. There is a tendency in the minds of Englishmen to consider

Instances of effective intervention by the State.

that camps, courts, and jails make up the entire round of the functions of Government, and that so long as there are soldiers to fight, magistrates to administer justice, and policemen to keep order, the State may, with propriety and advantage, leave industrial enterprise to take care of itself. This doctrine, which may be sound in Europe, is as certainly quite inapplicable to India. Although protection from foreign invasion, the maintenance of order, and the diffusion of a feeling of security are conditions precedent to all industrial progress, the accomplishment of these invaluable objects does not complete the task of the Government; the direct, deliberate, systematic promotion of industrial enterprise is, though a later, not a less important duty, and its thorough recognition by the State would, I believe, be the most important administrative reform of which the Indian system is at present susceptible.

The development of industrial enterprise not less a duty of Government than the maintenance of order.

A striking instance of the serious consequences of the absence of this recognition is afforded by the present attitude of the State to the question of agricultural improvement. We have seen that the vast cultivated area of India—nearly 200 millions of acres—stands in the greatest possible need of improved cultivation. But the efforts of the Government to promote this improvement have hitherto been unsystematic, ill-designed, and almost wholly abortive. In the first place the experiment of the

Inadequate efforts of Government to promote agricultural improvement.

Permanent Settlement, viewed in its effects on agricultural progress, has been a very partial success. Under it, indeed, the increasing population, during a century of unbroken peace and all but unbroken prosperity, has swelled over a large fresh area of culturable land; but the zemindars have, with rare exceptions, never been improving landlords: the hope that they would reclaim, embank, drain, irrigate, introduce new staples, and at any rate promote the welfare of the peasantry, has never been realised; they, and those to whom their rights have passed, have seldom done more than lease out the uncultivated portions of their estates to reclaiming tenants; in the majority of instances the landlords are now purely rent-receivers, doing nothing for the land, and spending none of the rental on the improvement of the soil. On the other hand, by the invasion of the occupants' rights and the reduction of large classes to the level of poverty-stricken and rack-rented tenants-at-will, the landowners have presented a formidable obstacle to the gradual improvements which cultivators with secure tenure and an interest in the soil would have been certain to effect. A tenantry in the condition of the Behar ryot, holding on a precarious tenure under great proprietors and "contractors" whose one interest it is to force up the rents, is the best guarantee for improvident, wasteful tillage and an exhausted soil.

Effects on agriculture of the Permanent Settlement.

In the next place the action of the Government in its endeavours to assist in the development of agriculture has not been effective. There has been for many years legal provision for the advance of public money for the purpose of agricultural improvement; but, speaking generally, this has become almost a dead letter from one end of India to another. In the great province of Bengal with its 55 millions of cultivated acres, less than £50 were, in the year 1877–78, advanced under the Act; £6,850 in the North-Western Provinces, £1,500 in Bombay, and £750 in the Central Provinces. More activity was shown in the Punjab; and in Madras the famine, then prevalent, stimulated the concession of advances for well-digging; but, on the whole, the system cannot be regarded as in any material degree contributing to improved cultivation. Compare this with the course of things in the United Kingdom, where the rental of land rose between 1857 and 1875 by more than 11 millions sterling, thus increasing the capital of the land-owners, at thirty years' purchase, by no less than 331 millions. During this period, as an eminent agricultural authority computes, 15 millions sterling have been advanced by the State, or by various public companies for the purpose of land improvement, while a sum, perhaps three times as large, has been expended by individual capitalists. Here then,

Advances by Government for land improvement.

R. 144.

Advances for land improvement in England.

Caird's *Landed Interest*, p. 98.

following an outlay of 60 millions, is an increased capital of five times the amount, not, of course, all due immediately to the expenditure on improvement, but, to a very great extent, connected with it. But if 48 millions of acres in the United Kingdom admitted of such an outlay, and responded to it at once in increased rentals, why have 200 millions of acres in India,—much less well-tilled and in the hands of very much poorer cultivators, — been allowed to remain altogether without this invaluable means of improvement? The question has been considered by the Famine Commissioners, and the failure is, according to them, to be explained by various defects in the existing organisation, by the obstacles created by inefficient native officials, to whom such grants give extra trouble; by the delays, expense and troublesome formalities accompanying the grant, by the charge of interest, the small number of years over which the repayments are spread, the early date at which they commence, and the rigid rules as to punctual repayment.

Causes of the failure of the system in India.

The Commissioners suggest several reforms; in particular they recommend that the period fixed for the discharge of the advance should be longer, and that its repayment should be effected by means of instalments so adjusted as to discharge principal and interest alike, in a given number of years; this should in no case, they consider, be less than four-

Proposals of Famine Commission.

teen and might be as many as twenty-five; in the latter case only 7 per cent. need be charged. These changes would undoubtedly tend to render the system more generally popular with the landowners and to promote its more extensive use.

Main cause of failure is want of special superintendence.

The main cause of the failure, however, is probably to be found in the fact that the management of these advances has been nobody's business in particular, but has been merely superadded to the other multifarious duties of the district officer and his subordinates; while at head-quarters there has been no official responsible for the general working of the scheme or interested in its success, or the means for increasing its efficiency.

A department of agriculture and industry.

The remedy for which this state of things appears to call is the creation of a department whose especial business it should be to supervise and assist the agricultural and industrial development of the country, and which should be responsible for giving every practicable assistance to such forms of enterprise as appeared to require the assistance of the State, land improvement amongst the rest. Its operations in connexion with advances for land improvement would consist in superintending the subordinate official agency by which the propriety of the grant must, in each case, be determined, and its employment watched; in seeing that none of that official oppression, for which Indian society

Its duties as regards advances for land improvements.

gives such facilities, is allowed to deter the people from making use of the system, and in encouraging applications for grants whenever it seems likely that judicious outlay would increase the productiveness of the soil. Well-digging especially would commend attention. There are millions of acres in India, beyond the reach of canal irrigation and exposed to constant risk of drought, which might be exempted from this terrible risk and rendered infinitely more productive, if they were adequately supplied with the wells. In some localities—parts of the Bombay Presidency for instance—it is questionable whether the money laid out in canals would not have been more wisely spent on a mode of irrigation better suited to the physical circumstances of the country. All the attention of the Public Works Department and its officials has been devoted to canals, and all the expenditure has been incurred on their behalf to the complete neglect of the humbler means of improvement. To Sir George Couper and the able and vigorous Director of Agriculture in the North-Western Provinces belongs the credit of having first recognised the necessity of dealing with the subject on an adequate scale, and in the systematic manner which its importance deserves. In a single instance in Bengal the enthusiasm of an individual officer* has borne valuable fruit in the construction or restora-

Wells.

* Mr. A. Tytler, Sub-Deputy Opium Agent, Sarun.

tion of over 2,000 wells, which the people have been induced by his advice and assistance to undertake; and it is certain that there is scarcely a district in India, where money, judiciously employed in well-sinking, would not earn a good rate of interest besides conferring enormous benefits on the country. The hindrances to well-sinking—and in some provinces the increase in the number of wells is lamentably slow—are want of capital and enterprise on the part of landowners, the precarious footing of tenants, and family or village disputes, which render joint action impossible. To each of these obstructions the action of the State should be vigorously and courageously applied. The landowner should be obliged to learn that he cannot be allowed to go on receiving rents from tenants, who live in yearly danger of starvation by famine, when his land might be efficiently protected by wells from this terrible contingency. If he has not spirit or resources for the necessary expenditure, the State will incur it on his behalf, and add the interest of the expenditure to the revenue for which his land is already responsible: the tenant should be encouraged in every way to insist on his holding being thus improved and protected, and where the tenant himself constructs he should be secure against any enhancement of rent on account of the increased value of the land, or against ejectment without compensation. Wherever a right of occupancy exists, the right to sink wells should be explicitly

declared. In cases where the dissensions of tribe or family make any joint enterprise impossible, the Government should undertake it and assess the payments on those benefited by the improvement. In this way several millions sterling might be advantageously employed, and vast tracts of country be rendered comparatively safe against the direst forms of misery. The energising and controlling influence of a central department, with ample knowledge and resources, is, however, indispensable for the completion of so vast a task. When it is considered how much ability, experience, patience, and skill have been essential to the completion of our canals and railways, it need not excite surprise if a correspondingly serious effort is required to carry through the no less important and difficult project of well-construction, by State agency or under State superintendence, to a successful close.

Other duties of a Department of Agriculture and Industry.

But the functions of a Department of Agriculture and Industry would, of course, extend to a great variety of subjects; it would superintend experiments too large and costly to be undertaken by individuals; it would collect, systematise, and diffuse information, and utilise the experience gathered in different circumstances and from remote localities; it would organise agricultural fairs, exhibitions, and associations by which local interest might be aroused; it would afford facilities to European capitalists anxious to embark in Indian

projects; it would introduce new staples and new implements, and encourage by proper rewards the efforts of inventors to meet the wants of the country; it would supplement the isolated and spasmodic efforts of individuals by the continuous systematic action of a well-equipped and well-informed bureau.

When we consider the strenuous efforts of the Continental States in this direction—that there are, for instance, in France no less than 800 agricultural associations, 20 model agricultural institutions, 9 chairs for an agricultural professoriat, and 4 agricultural institutes, and that almost every petty state in Europe has correspondingly important and costly arrangements for the promotion of scientific agriculture—while in India scarcely a germ of anything of this sort exists, the urgent need of such a department, and the importance of the work which it would have to undertake, requires no further enforcement. For one thing, experiments of the exact, elaborate, scientific order, from which alone any useful result can be hoped, are at present impossible; there are neither experts fit to conduct experiments, nor the material means of doing so. Institutions, such as that which Mr. Lawes has for many years maintained on a magnificent scale at Rothamstead, are required in every Indian province, if any advance toward scientific agriculture is to be effected. Many thousands of acres, for instance, have of late years become barren

Need of scientific experiments.

from saline efflorescence, but of its real causes and remedies little has been ascertained, except that the recklessness of canal engineers has in many instances contributed to its formation by closing up the natural drainage of the country, and so water-logging the soil.

In the same way the structure of Indian soils, the effects of intense solar heat, violent electrical changes, sand-storms, hot winds and the downpour of the monsoon—the protection from drought which, in some soils, may be obtained by deep ploughing—these and a hundred other vital questions are, scientifically speaking, unexplored. A few isolated inquiries and incomplete experiments have taught us only how much there is to learn, and what enormous consequences the substitution of knowledge for ignorance on such subjects might produce. But at present the Indian Government possesses no machinery by which these all-important results may be brought about.

Other functions of the Department.

Nor is it in agriculture alone that State aid, on a methodical system and important scale, is required. Every branch of industrial enterprise stands in need of assistance such as, in the circumstances of India, the Government alone can give. The development of manufactures should be taken up seriously and pursued with patience and deliberation by officers qualified by skill and knowledge to deal with each particular branch. All this will cost money,

of course, but the outlay would be well repaid.

Technical Education.

The necessity for technical education —of which the English nation has at last become convinced—is ten times greater in India, where technical knowledge is often confined to a handful of European experts, and the few natives who have under their superintendence acquired a superficial knowledge of some particular handicraft. The arts of India, now endangered by endeavours to supply the European market with cheap repetitions of precious antique models, or still worse, with vulgar parodies of European forms, need to be guarded by State intervention from a degeneracy which would rob them of all their value. A high standard of taste and workmanship has to be maintained, and encouragement has to be afforded to the slow elaboration of costly work, for which the ordinary chances of the market are scarcely sufficient attraction. Thus guided and assisted, India, it might be hoped, would soon take her place among the great industrial nations of the world.

Art.

The creation of an Agricultural and Industrial Department, with a central office at the headquarters of the Government of India, and subordinate branches in the several provinces, is, I venture to think, the most pressing administrative want of the day. It would involve the expenditure of large sums in organising the machinery with which it would have to work, and securing the

services of the experts, through whom alone it could render efficient service. Men skilled in various branches of technical science must be tempted into the service of the Government, and be so remunerated and honoured as to render them content with their position. The Civil Service must open its ranks to physicists as at present to lawyers and scholars; and technical education, varied and thorough, such as that which is now offered to Englishmen by the "Yorkshire College" at Leeds, must be brought within the reach of the Indian masses. Much patience and skill will no doubt, be necessary for the successful introduction of a system, which, though long familiar on the Continent, has hardly as yet taken root in England. Many mistakes will be committed, and much needless outlay probably be incurred; but whatever be the cost of the system, the advantages which might be expected from its introduction are so great, and the need for such assistance is so urgent, that the task of devising and elaborating the means for its establishment in India ought no longer to be deferred. The country is perfectly well able to pay for this new avenue to comfort and wealth for millions, now toiling at unremunerative tasks, or enduring in enforced idleness the grievous burthen of hereditary penury. If this were not so, it would be necessary to inquire how the funds for laying out this *via salutis* might be best retrenched from less essential topics of expenditure. As it is, the Indian Government is

in the happy position of the proprietor of a vast undeveloped estate, who has only to decide to which of various schemes of profitable improvement his surplus rental shall be devoted, and who can borrow on favourable terms as much money as he pleases for projects too large to be attempted without recourse to a loan.

CHAPTER VIII.

FAMINE AND FAMINE RELIEF.

Liability of India to famine.

LARGE portions of India are and must ever be liable to serious agricultural vicissitudes. The autumn harvest, which to a large extent supplies the staple diet of the population, depends on the adequacy and timeliness of that great rain-bearing current known as the south-west monsoon; while the winter harvest, which in Upper India is the more valuable of the two, requires for its success, not only that the summer rains should be sufficient for the preparation of the soil, but that there should be throughout the winter occasional rainfall sufficient to mature the crop.

Variable character of the monsoon.

Both the summer and winter rainfall, however, are subject to frequent disturbances. Not only does the volume of the vapour-laden current vary from year to year in amount and strength of movement as it approaches the coast of India, but its advance across

the country depends on numerous physical influences of which little is known beyond the irregularity of their action and effects. The main cause of the in-draught of air during the summer monsoon is the increased heat and consequent diminution of atmospheric pressure in the northern part of India, and a corresponding increase of pressure in the south; and the slightest disturbance of the gradual diminution of pressure from south to north is certain to produce grave results on the rainfall. The controlling causes of the variations in atmospheric pressure are but partially understood; but it is the opinion of those best acquainted with the subject that, besides the great cosmical conditions which are probably connected with changes in the surface of the sun, and which affect the entire globe, there are certain local influences in India connected with the snowfall of the Himalayas, and the effect of the winter rains in cooling the atmosphere, which render the movements and character of the monsoon exceptionally difficult of calculation. That portion of the current which, advancing across the Indian Ocean, first strikes the Western Ghats, sheds a vast portion of its contents on the opposing mountain heights; the region immediately to the eastward, consequently, gets but a scanty supply. Again, the more easterly inland portions of southern India depend for their rain-supply mainly on an in-draught from the Bay of Bengal which occurs late in the autumn, and this fre-

Course of the monsoon.

quently is either diverted by cyclones or other interruptions in the bay, or spends itself near the coast. Upper India, again, owes its rainfall partly to a stream of air which has first to traverse the Great Indian Desert and the sultry plains of Sindh and Rajpootana, partly to a current which, checked in its eastward course by the mountain ranges of Burmah, travels up the Bay of Bengal, is arrested by the mountain ranges in the north-east of that province, is again diverted to the westward by the Himalayas, and sheds itself, as it travels up the valley of the Ganges, on the great plain country of Bengal. It is obvious that before the North-Western Provinces and the Punjab are reached, the current must to a great extent have spent its force, and that any accidental obstacle, such as, for instance, the intervention of a tract of country in which the atmospheric pressure happens to be in excess, may altogether arrest it. The consequence is that, although there are large parts of India where the rainfall is uniformly ample, there are many regions which are in ordinary years reached by an attenuated rain-current, and which are continually liable to have their slender supply altogether cut short, or so seriously curtailed as to ensure disaster. The southern parts of the Punjab which lie remote from the Himalayas and bordering on the great desert—the southern and western parts of the North-Western Provinces, and notably the region between Delhi and Agra—

Parts of India especially liable to drought.

the north and west of Rajpootana—the uplands of Bombay beyond the Western Ghats, and the high inland tracts of Madras, Hyderabad, and Mysore,—are all so situated that the force of the monsoon is always greatly diminished before it reaches them, and that a feeble monsoon is very likely either not to reach them at all, or to be too late to save the crops.

In these districts it is that the scene of famine disaster has usually been found. Other portions of the country, though suffering at far longer intervals, are not entirely exempt, as the calamity which befell Orissa in 1865, after an interval of eighty years, attested with terrible emphasis; and the famine in Behar in 1873, though controversies have always existed as to the extent of the disaster, was at any rate sufficiently serious to remind us that, even in Bengal, distress, arising from crop failure on a serious scale, is a contingency for which the people and the Government must be prepared.

List of famines. R. 23 and 24.

The following table, taken from the report of the Famine Commission, shows the principal famines of the century, the number of asterisks indicating roughly the degree of severity of each:—

	Province.	Area affected in thousands of square miles.	Population affected in millions.
1803	North-West Provinces**	20	8
1823–5	Madras**	110	18
	Bombay*		
1832–3	Madras***	130	22
	Bombay*		
	Hyderabad*		
1837–8	North-West Provinces***	113	28
	Rajpootana**		
1845	Bombay*	25	3½
1853–4	Madras**	30	3
	Hyderabad**		
1860–1	North-West Provinces**	53½	20
	Punjab**		
	Native States**		
1865–6	Bengal***	180	48
	Madras**		
	Mysore*		
	Hyderabad*		
	Bombay*		
1868–9	Rajpootana***	296	44
	North-West Provinces**		
	Punjab**		
	Central Provinces**		
	Bombay*		
1873–4	Bengal**	54	21
	North-West Provinces*		
	Oudh*		
1876–8	Madras***	257	58
	Mysore***		
	Hyderabad**		
	Bombay***		
	North-West Provinces**		
	Oudh**		
	Punjab**		

General result as to frequency of famines. R. 25.

The general results of these figures may be summed up by saying that, except Burmah and East Bengal, where the rainfall never fails, and Scindh, where rain never comes and the population depends solely on river-irrigation, some part or other of India suffers from famine two years in every nine; that on the average 20 millions of people, or a twelfth of the population, are affected on each occasion, and that, consequently, the result is equivalent to the whole population of 240 millions suffering once in fifty-four years, or rather less often than twice in a century. As four-fifths of the number are British subjects it would follow that, on the average, 3½ millions are affected annually. The five great famines of the present century have each affected, on the average, a population of 40 millions, and they have occurred at intervals varying from two or three years to forty, and averaging on the whole twelve years. Previous to the Orissa famine of 1865–66 Bengal had been exempt for eighty-one years, and the two greatest known famines of the North-Western Provinces, those of 1783 and 1837, were separated by an interval of fifty-three years. On the whole it may be said that in each of the provinces, except Bengal, a famine of some sort may be expected every eleven or twelve years, and a great famine about twice in a century. Taking the whole of India, a famine of some sort may be expected in one province or another every fourth

or fifth year, and a bad famine one year in twelve.

Before the introduction of railways a widespread famine was naturally regarded as a calamity, the results of which, any human effort was wholly unable to control, or even materially alleviate. Cattle being the only means of transport, and the cattle being, necessarily, amongst the earliest sufferers, it was impossible to carry food, even if food had been procurable, on any such scale as would compensate for the loss of a crop or provide for any but the merest fraction of the suffering population. A famine was, accordingly, felt to be among the great natural visitations—of the same class as cyclones, storm-waves, or earthquakes—with which the human race is impotent to struggle. Now, however, that we have 10,000 miles of railway-line available for food transport, and can increase this mileage to any extent we please, the task of relieving famine distress is—if not completely, at any rate to a very material extent—brought within the range of practical administration.

Change effected by by railways in the possibility of famine relief.

During the famine year of 1877, 3½ millions of tons of food were moved by railways from one part of the country to another, and it is believed that, in addition to two millions of tons brought into the distressed districts of the south by sea and distributed by the railways inland during the period of dearth,

Effect of railways in famine relief.

the railways themselves imported 1 or 1½ millions of tons. Taking one ton as food enough for six persons for a year, these figures would imply that a year's food for 19 or 20 millions of people was conveyed during the famine to the scene of distress, and that human life to this extent was saved. This result, however, was effected with the mere rudiments of a railway system. None of the most affected parts were traversed by more than a single line, and the great province of Mysore depended for the existence of a large portion of its population, for months together, on a single branch line from the already over-taxed Madras Railway. Large portions of the country, again, were beyond the sphere of railway operations, and were dependent for food on cattle transport from the various depôts to which the railways brought it. Still the fact that food was actually sent, during the famine, from a distance of more than 2,000 miles to the distressed provinces, and that, even at existing rates, its price would not necessarily be enhanced to the trader more than by three farthings per pound by this long transport—indicates clearly enough the possibility of establishing such an equilibrium of prices throughout the country and such a speedy re-adjustment of any temporary disturbance of that equilibrium as would render famine, in the real sense of the word, as impossible in India as it is, at present, in England.

Cheapness of railway transport. R. 171.

It is with a view to this state of things that

famines must now be considered, and it is, accordingly, useless to look back for instruction to famines which occurred previous to the existence of these facilities, aided, as they are, by the scarcely less important agency of the 20,000 miles of telegraph wire which now afford means of instantaneous communication with every part of the country.

Little to be learnt from famines before introduction of railways.

If we may accept the recent famine of 1876–78 in Southern India—the worst for combined extents and severity on record—as the extreme measure of our future liability, we find that it was "intense" over an area of 105,000 square miles with a population of 19 millions, "severe" over an area of 66,000 square miles with a population of 11 millions, and "slight" over an area of 34,000 square miles and a population of 6 millions. Those parts only in which the famine was "intense" or "severe" were found to require assistance, so that a population of 30 millions, spread over an area of 170,000 square miles, and in more or less acute distress for a period ranging between one and two years, may be taken as the utmost probable limit of simultaneous distress. It must be remembered, however, that, on this occasion, the drought in the south was followed by the worst failure of the autumn rains ever known in Upper India, and that the North-West Provinces, having lost most of the autumn crop, were rescued at the last moment, by

Extreme limit of probable future famines. R. 26.

a lucky fall of rain, from a calamity which would have added terribly to the proportion of the famine in the south. Taking this latter, however, as our standard, we find that in Madras more than three-quarters of a million of sufferers, or 5 per cent. of the distressed population, were relieved daily for nearly two years, the daily numbers rising in the worst months as high as 2½ millions. In Bombay about 320,000 people, or 3½ per cent. of the affected population, were relieved daily for upwards of a year, the maximum numbers reaching half a million daily. In the Bengal famine of 1873–74, where relief was profuse and often indiscriminating, about 10 per cent. of the affected population received help, in some form or other, for a period averaging nine months, and this ratio was doubled during the worst months. Judging from these experiences, and the general history of the subject, the Famine Commissioners calculate that the largest population, likely to be severely affected by famine on any one occasion may be put at 30 millions. Of these 15 per cent., or 4½ millions, are likely to require relief during the worst months of the famine, and 7 or 8 per cent., or about 2½ millions, to require continuous assistance for a year. These proportions, the Commissioners point out, provide for relief on a scale about double that given in the Madras and Bombay famine of 1876–78. Assum-

Numbers relieved in Madras and Bombay.

The Behar famine of 873-74.

Estimate of numbers to be relieved. R. 26 and 33.

ing, as we may, that 3½ millions of British subjects, on the average, suffer annually from famine, relief, on the scale now proposed, would be afforded annually to 245,000 persons, and this at £5 per head, would involve an annual outlay of 1¼ millions, a sum which corresponds, with satisfactory exactness, to the 1½ millions which the Government of India now dedicates annually to this object.

Probable cost of relief.

The main features of Indian famines are extremely uniform. The first rumours of trouble come from district officers in the shape of reports of a delayed, inadequate, or irregular monsoon. The fields are described as drying up; a few weeks more must decide whether the crop can be saved: the people are anxious, the money-lenders alarmed, prices are rising in anticipation of the approaching dearth. Still the much-wished-for clouds delay their arrival, or, still more tantalising, gather and pass away, leaving none of their treasure behind. The uncheckered sky blazes on pitilessly, day after day, as if in derision of the scorched, brown plains below: presently there is no more room for doubt or for hope: the harvest is destroyed: the season of plenty, of cheap prices, of high wages, of abundant meals, of comparative ease, of laying by a little hoard for the year's consumption, of paying off the long-owed arrear of rent or revenue, of the simple rustic festivity—has passed, leaving behind

General incidents of droughts.

it a population with empty garners, and light purses, face to face with at least six months of struggle and privation. The first effect of the drought has been to stop all field labour, and thus to throw the great mass of the labouring population out of employment. For one thing, such labour has become useless and impracticable: and if it were not so, the landowners, with lowered funds and shortened credit, are unable to incur any expense. In the houses of the well-to-do, the precious stores of grain are hoarded with a more jealous care than ever: prices rise to double, treble, and sometimes four times their usual rate: everyone is on short commons: the pasture fails, the trees have been stripped, the very thatches used as forage—the cattle are dying by thousands. The population, anxious, restless and alarmed, begins to move: great streams of wanderers flow off in the direction of parts of the country where rumour reports that the drought has not extended: other poverty-stricken crowds pour into the great cities and lie squalid and half-famished about the streets: others, again, quit their villages, where life is no longer possible, and wander, aimless and dejected, about the country, soon, too often, to sink exhausted by the wayside, or to be brought prostrate and moribund into the rural police-station. The small landowners and tenants curtail every expense, hoard every resource, and prepare themselves for a period of endurance which, tradition

First effects of drought. R. 41.

warns them, must last till the winter crops ripen, or, if they fail, for a year or more: all those who live upon others (and their tribe is legion) begin to be pinched: the professional mendicant, who lives ordinarily in comparative ease on the subscriptions of the charitable, finds his supplies running short: then the petty village artizans and traders begin to suffer as the ordinary traffic of the village is curtailed: in a few weeks the official of a famine-stricken district may find a population of hundreds of thousands of enfeebled, frightened, demoralised people on his hands, with nothing but his energy, promptitude, and skill between them and destruction.

Problem which Government has to solve.

Such is the administrative problem which the Government is called upon in some part of the country or another every four or five years to solve—a strain of no insignificant character alike on its official machinery and its finances, when it is remembered that the additional burthen has to a very large extent to be borne by shoulders already sorely overweighted with the multifarious claims of an Administration which is every year becoming more thorough and efficient, and, consequently, making larger demands on the energies of those by whom it is carried on. On this account, if on no other, it is of supreme importance that the Administration, from its highest to its lowest grades, should be in the hands of vigorous, able

Importance of official efficiency.

men, with the nerve, courage, fertility of resource, buoyancy of spirit, and firmness of resolution necessary to cope with a grave emergency. The history of Indian famines could not be truly written without the admission that, amid many honourable records of zeal and ability, there have been instances in which the inherent miseries of the situation have been aggravated by the personal shortcomings of those entrusted with its management. If the highest local authority fails in foresight, judgment, or vigour, the course of a famine becomes that of a battle fought by a commander who lacks the requisites of successful strategy. Confusion, unpreparedness, ignorance, or misappreciation of facts, vacillating councils, contradictory orders, hesitation at head-quarters, disobedience and disorder in the ranks—all these ingredients of defeat have, on more occasions than one, contributed to turn the combat with famine into something little short of a disaster. In the same way, if the general discipline of the service in any province is lax—if promotion has been granted on other grounds than competence—if the supervision has been occasional and perfunctory—if men have been allowed, as has frequently been the case, to drift, by mere length of service, into posts for which they are by character or temperament unfitted, nothing can avert a catastrophe. A fire on board a ship with incompetent officers and an undisciplined and disorderly crew, is not less easy of control or more

likely to be got under than famine in a province where indolence, favouritism, or a spirit of *laissez faire* have been allowed to sap the efficiency of the official body. Every executive officer in India, it must be remembered, from a Governor downwards, may have to take part in the administration of famine relief, and in this, at whatever point nerve, character, or judgment are wanting, there is certain to be a disaster. The service must, accordingly, if we are to hope for success in the struggle, be maintained at a high pitch of discipline and efficiency, and its ranks, as far as possible, be filled with men adequate not only for the discharge of current duties, but with a reserve of power ready for periods of exceptional strain.

Necessity of a Central Department of Agriculture and Famine Relief.

Personal zeal and ability, however, will avail but little on such occasions unless they are aided by the knowledge and foresight which are attainable only by systematic and continuous action on the part of the State, formulating the results of numerous isolated experiences, and extending the area of observation over long periods of time. For this purpose the Famine Commission has recommended the creation of a Department, both with the Government of India and in every province, one of whose special duties it would be to collect information as to the agricultural prospects of the country, to read that information in the light of past experience, and to judge of the degree and form of relief which the Government should, on

each occasion, be prepared to concede. For supplying, in the first instance, the necessary information, it is proposed that there should be a regular staff of officials, one person in each village being legally responsible for its agricultural returns; these officers, again, would be suitably supervised and all ultimately controlled by the Provincial Director of Agriculture, under whom the provincial returns would be prepared and submitted to the central bureau with the Government of India. This scheme would involve the creation of new offices in villages under the Permanent Settlement, or otherwise excluded from the ordinary revenue system of the country; but the cost is one which the proprietors of such estates may not unreasonably be called upon to defray. The result would be that, not only would the Government obtain a really trustworthy idea of the agricultural out-turn in ordinary seasons, but that on any occasion of crop failure the amount of loss and the consequent distress would be accurately gauged by experts, and the proper measures of relief be adopted without hesitation, vacillation, or delay. Hitherto it has sometimes happened that the earliest and most vitally important period of a famine has been spent in more or less acrimonious controversies, between the Government of India and the local administration, as to the extent of the calamity and the policy to be pursued in dealing with it. Part of the additional

Machinery for collecting agricultural statistics.

expense involved in the creation of such a department, might legitimately be defrayed out of the 1½ millions which the Government of India now annually devotes to famine-relief. Arrangements for the collection of such information and for its intelligent use are, in fact, famine-relief measures of none the less vital importance because they are taken before the famine has actually begun.

Famine Commissioner.

Another proposal for securing a high standard of efficiency in the management of famines is, that on the occasion of any serious drought, the administration of relief, in all its various branches, should be concentrated in a single officer, of known aptitude, and, if possible, special experience—who should be placed in command of all relief operations, be personally responsible for their adequacy, and become the channel by which all instructions issued by the Government on the subject, would reach the officers concerned.

Evils to be combated in famine relief.

Assuming that the Government is in possession of the necessary knowledge, and has at its command a body of officials capable of carrying out its orders efficiently, and duly organized for the encounter, we next come to the precise mode in which relief is to be given. The main evils to be met are: (1) a great enhancement of prices which makes life difficult to all, and impossible to many; (2) the paralysis of agricultural employment, by which the wage-earning

(1) High prices.
(2) Cessation of agricultural labour.
(3) Actual deficiency of food.

portion of the community is thrown out of work; and (3), in some instances, an actual insufficiency of the food necessary for the support of the population. Of these troubles, the first and the third are, to a large extent, within the immediate control of the State. The question whether there shall ever again exist in any part of India that dreadful state of things, when food is not obtainable at any price, or that scarcely less dreadful condition when the enhancement of price is practically prohibitory to all but the wealthy, is entirely one of railway-construction. As, even now, food can be carried at three-farthings per lb. from one end of India to another—a rate which will, we may hope, be considerably reduced—and as there is always food to be had at normal prices in one province or another, it is obvious that anything like absence of food or prohibitive enhancement of price must become impossible in every part of the country which is brought fairly within the scope of the railway system. Throughout the late famine there were districts where grain was almost valueless from its profuse abundance and the absence of any means of carrying it to a profitable market: a few hundred miles away it was selling for months together at prices which implied such general distress as defied the utmost efforts of the State to counteract its dire results on the population. Railway extension is, in fact, beyond all comparison, the most potent remedy against

Effect of railways on (1) & (3).

famines, but at the present rate of progress it will be long before this remedy is more than very partially applied. About 1,100 miles of new line were opened in 1880–81, and 1,100 more are under construction during the present year: but the annual expenditure of 1¾ millions, which is the present Imperial grant for railway construction, spread over the enormous area of 1½ millions of square miles, which has to be covered, cannot, it is obvious, do more than alleviate in an almost inappreciable degree the pressing deficiences of the country in this respect.

F. S. 25 March 1881, § 48.

The sum of 2½ millions has been accepted as the limit of annual expenditure upon productive public works, from an idea,—certainly not borne out by the present state of things—that this is the largest sum which could be advantageously raised in India;* and it is hoped that private European enterprise will supplement the acknowledged shortcomings of the Government in respect of canal and railway construction.

Policy of trusting to private enterprise.

F. S. 1881, § 84.

Leaving aside the consideration of the policy of abandoning a magnificent source of public income, which Indian railways will certainly hereafter become, there remains the question how far it is permissible for Government to leave to the chances of private

State interest in railway construction.

* Despatch of the Government of India to the Secretary of State, 18 October 1876.

enterprise the completion of a task for which no body has such good opportunities as itself, and in the completion of which no public company could be so deeply interested. Railways pay in India not so much in direct returns on capital invested, as in the enormous stimulus which they give to agriculture and trade, the numerous avenues to wealth which they open up, and the immunity which they afford from the horrors of famine. In none of these objects have European capitalists the least personal interest; and the necessary consequence of throwing this branch of enterprise open to speculators will be that, while lines which are quite certain to pay largely—such as, for instance, that now under consideration, from Calcutta to Jessore and Khoolnea —may be taken up by companies, and their profits thus be lost to the State, less profitable but equally important lines will be left upon the hands of Government, which will thus find itself in the monopoly of all the unremunerative projects.

F.S. 1880-81, § 90.

Another objection, from a famine point of view, to the policy of allowing railway construction to pass into the hands of companies, is that anything which creates a diversity of interest or of system, is so far a diminution of the utility of railways in the relief of distress. The great essential for famine relief is that the entire railway system of the country should be uniform, harmonious,

Evils of diversity of system.

contrived on a general, preconceived plan, with each of its details so adjusted to all the rest as best to promote the common end. The various lines, for instance, must be so designed as that each may be able to dispose of the traffic which the others may bring to it, and that the chain, so to speak, may be of equal strength throughout. Above all, the traffic regulations must be prescribed from a central authority, and exempt from the possibility of local diversity of plan. On the occasion of the last famine there were blocks of traffic at certain points, where different systems joined, and friction ensued, which produced the most serious consequences; and the same result would be inevitable if India were covered by a variety of companies, each with its own views and interests to promote, and all owing but a partial allegiance to the central authority. On the other hand, there is nothing in our past experience to justify the belief that the agents of public companies will be more efficient or economical than Government officials. The guaranteed companies can boast of no single point of superiority over the State Lines; and the two occasions on which companies have been entrusted with irrigation projects—the Orissa and Madras Companies—are the very worst instances, which the history of public works in India affords, of ill-considered design, unskilful management, and ignominious failure. On both occasions the

Success of State management of railways and Post Office.

Government has been obliged, on grounds of public policy, to take over a bankrupt concern for a sum lamentably in excess of that for which its own officers could have constructed the work in question. On the other hand, the really splendid results achieved by the Post Office are a cogent proof that the State is at least as competent as any private body to conduct a huge commercial undertaking with economy to itself and satisfaction to the public.

Present expenditure on railways insufficient.

As regards this branch of the subject, accordingly, there is, I venture to submit, good ground for doubting whether the expenditure on railways has not been unnecessarily restricted, and the industrial development of the country and its immunity from famine been unnecessarily postponed by the rules at present prescribed as to expenditure on productive public works. To put the matter in a few words, the Government of India has a normal surplus of 4 or 5 millions, besides the provincial surpluses; it has excellent facilities for borrowing on favourable terms; it has a vast territory, mostly unprovided with railways, and requiring at the very least 10,000 miles more than at present; but in which railways, besides immediately increasing the wealth of the people and protecting them to a large extent from dearth, promise a large eventual return. So successful have been the productive works hitherto undertaken that the net charge on account of them is

3½ millions less than it was twelve years ago. So improved is the credit of the Government that, notwithstanding all additions to its debt, its interest charge is yearly decreasing, and still further opportunities of reducing it will soon occur. In these circumstances, are 1¾ millions and a share of a precarious sum of ¼ million in years when there happens to be no famine expenditure, the utmost which a far-sighted, sagacious, and enterprising proprietor would expend on his estate? Would he not rather consider how much was necessary to develop and secure his lands, how much could be advantageously borrowed, and proceed thereupon to carry out such improvements as he could with the least possible delay?

F. S. 1881-82, § 97.

We have seen how powerful is the action of railways in mitigating the effects of drought to the classes who have the where-with-all to buy food, and that, so far as these classes are concerned, the extension of railways is the best measure of protection.

There are, however, other means by which direct relief can be afforded to these classes. The payment of their revenue may be postponed to more favourable times, a corresponding concession being secured for the tenants in those cases in which the revenue payer is a landlord. This form of relief has frequently been the topic of controversy. Under native governments, where the nominal revenue

Suspension and remission of land revenue.

is generally the highest that can be paid in a prosperous year, such concessions are a matter of course, but with the diminution and fixedness of the State demand introduced by the English, the principle in view has been that the margin of good years should provide for bad, and that only in very exceptional cases should indulgence be allowed. Still it has been found that postponement of the State demand is a very substantial assistance to the people, and one which, with their existing habits, cannot safely be foregone. Experience has shown that the arrears are generally paid up in the course of a year or two, ultimate remission being found necessary only in extraordinary disasters. The small degree in which the landowning classes, as a whole, are prostrated by such a calamity in modern times was evidenced by the fact that throughout the recent famine in Madras and Bombay, the area of land, held of the Government, actually increased, and the revenue was considerably greater than the average of preceding years. No more reassuring proof of the substantial prosperity of this part of the population could be given. As to this form of relief the chief lessons taught by experience appear to be that it should be afforded with sufficient promptness to allow its full benefit being felt—on settled rules, so as to avoid favouritism and corruption; and that it should be invariably accompanied by precautions for securing that the indulgence con-

Small effects of famines on land-holding classes.

R. 30.

ceded to the landlords, should not be monopolised by them, but extended in due proportion to their tenants. For this, in all parts of India except the North-Western Provinces, legislation would be necessary.

Another mode of helping the landowners through the season of pressure is the free use of the system of State loans for agricultural improvements, to which reference has already been made. This, wherever it can be carried out, has the excellent result of enabling a landowner permanently to increase the resources of his land by giving employment at a time when thousands are out of work, when every rupee spent in wages goes far to lessen the general disruption of society and its attendant evils. For this purpose the action of a well-organised department already familiar with the subject, would be simply invaluable.

Advances for land improvement.

p. 128.

Chapter VII.

Hitherto we have been dealing with classes, which, however straightened in their fortunes by famine, do not, as a rule, require the assistance of the State in the form of public charity. We now come to those whom a famine actually reduces to pauperism—the great wage-earning class, both regular agricultural labourers and village servants and artificers, to whom a drought implies loss of employment, and thus of sustenance. The agricultural labourer is, for the most part, even in prosperous times, hardly

The labourers are the chief objects of relief.

removed from what in an European society would be regarded as abject poverty. He is greatly shut out from the sympathies of the superior classes, and his relief could not safely be entrusted to their hands. It is essential that the State should help him. On the other hand, it is absolutely necessary, if general pauperization and demoralization are to be escaped, that he should not be encouraged to throw himself unnecessarily upon public charity, and that indiscriminate charity, with its long train of abuses, should be sedulously avoided. The general result, to which the experience of past famines has led, is that the only satisfactory mode of testing necessity is by the establishment of public works and by making the grant of relief conditional on the performance of a task, so adjusted as to be well within the labourer's powers, in return for which he receives a wage sufficient, at ruling prices, to sustain him in health and strength. The bulk of the labouring population being thus provided for, those who from age, infirmity, or other causes, are unable to work, are relieved in their villages under as exact supervision, and with as many precautions against neglect, on the one hand, and imposture on the other, as the resources of the Government allow; while provision is made in poor houses for those portions of the population which having got astray from their villages,

General experience is in favour of relief by public works for the able-bodied.

Home relief for the feeble.

Poor houses for the homeless.

or having no houses, are from any cause unfit for employment on public works.

Details of the system much disputed.

Such, in rough outline, is the system which I believe, without exception, all the most experienced administrators of famine relief have approved. As to its details there is scarcely one as to which strong differences of opinion have not prevailed, nor would it be right that I should attempt to examine them here. The Government of India will probably deliver its judgment on the facts and arguments recently laid before it by the Commission; but experience will suffice to show how far those arguments are sound. It would be useless and unfair to pretend in such a volume as the present to discuss the subject, or even to array the numerous and highly diversified subjects which present themselves under each heading for discussion. The relief of hundreds of thousands of the poorest people, whose ordinary routine of life has been suddenly broken up and who find themselves, enfeebled and resourceless, face to face with suffering and death in one of its most dreadful forms—must always be a work full of difficulty, pain, and disappointment. Promptitude—system—a distinct policy clearly enunciated and efficiently carried out—the avoidance of all that can alarm people who are already, and most justly, panic-stricken—judicious firmness in resisting undue concessions—watchful humanity in seeing that general rules do not work oppressively to in-

dividuals—the courage, patience and devotion which happily are never wanting where tasks of toil and danger have to be accomplished,—these have on past occasions done much, and will in the future, we may hope, do still more towards the alleviation of suffering and the prevention of mortality; but a famine can never be otherwise than a long tragedy, and the only really consoling view of the matter is that which shows us, in the future, a community better fortified in all its ranks against climatic vicissitudes, which are among the essential conditions of its existence, and more able to grapple with difficulties which, though great, are certainly not more serious than those which many of the Western nations have successfully overcome. Towards this goal the people of India appear to be advancing at a rate at which the philanthropist may rejoice, and which the Government, to which that advance is mainly due, may, with excusable pride, reckon among the most splendid and most solidly satisfactory of its administrative achievements.

CHAPTER IX.

SUMMARY AND CONCLUSION.

—— τὰ δ' ἄλλα πρὸς πόλιν τε καὶ θεούς
κοινοὺς ἀγῶνας θέντες ἐν πανηγύρει
βουλευσόμεσθα: καὶ τὸ μὲν καλῶς ἔχον
ὅπως χρονίζον ἓν μενεῖ, βουλευτέον.
ὅτῳ δὲ καὶ δεῖ φαρμάκων παιωνίων,
ἤτοι κέαντες ἢ τεμόντες εὐφρόνως,
πειρασόμεσθα πῆμ' ἀποτρέψαι νόσου.

AGAM. 815.

General Summary.

I SHALL endeavour, in conclusion, to summarise the results which the foregoing chapters have been intended to establish, and to enumerate the principal improvements to which, in my judgment, it is desirable that public attention should be directed. As regards the latter, the strongest claim to attention that I can urge, is that, in every instance, without exception, they originate with persons practically acquainted with India and its inhabitants. Many of them, it will be seen, have been specifically recommended by the Famine Commissioners and are examined at length in their report.

Population.

The population of India, four-fifths of it directly or indirectly agricultural, is already in the occupation of the greater portion of the country, in many instances crowding on the soil and pressing close on the means of subsistence: almost everywhere the numbers are greatly in excess of the requirements of agriculture. There are, however, several areas of considerable size, on which a surplus population might find scope, supposing natural inclination, the dread of change, superstition, and the other discouraging influences to be overcome.

Chapter I. pp. 6-10.

pp. 18-20.

Increase of population.

Several of the most destructive agencies—invasions, inter-tribal war, and local violence—have been either wholly removed or materially restricted; it is probable accordingly that the population has increased and is increasing. It is, however, still checked by a high general death-rate, and by occasional great enhancements of mortality; while the increase has been met partly by large additions to the cultivated area, partly by the larger yield secured by irrigation, partly by a general reduction of the share in the profits of the soil claimed by the State. This share, which under the preceding dynasties was often so high as to sweep off the entire margin of profit, has under British rule been reduced, in the largest and most fertile province to 3 per cent. of the gross

p. 12.

p. 140.

out-turn, and in others to rates ranging below 5 and 7½ per cent.

Tenures. pp. 21-25.

The soil is tilled in Madras, Bombay, and large portions of Upper India, by occupants who hold direct of the State; in Bengal wholly, and in the North-West Provinces and Oudh partially, and to a less degree in the Punjab, by tenants holding under the persons who hold of Government. There are unmistakable indications that, on the whole, the wealth and general well-being of these classes have greatly increased of late years, and that, in many instances, they enjoy a substantial prosperity; there are, however, several localities and classes which form important exceptions to the general rule, and which call for remedial measures. Below the landholders come a large class of labourers, who are scarcely removed from poverty, and are wholly unable to resist any exceptional strain; the fortunes of another large class, the village servants and rural artificers, are closely bound up with the prosperity of the agricultural classes, and sink when they are in distress. Throughout every grade in society are large numbers of family and other dependants, whose rights are generally recognised; at the bottom of all is a large class of professional mendicants.

General condition of land-holding classes. pp. 26-30.

Labourers. p. 32.

Over the whole of Bengal, a third of Madras,

most of Oudh, and large portions of the North-West Provinces and the Punjab, a class of rent-receivers has been created, or grown up, between the Government and the occupants of the soil; the rights of the occupant, which originally did not fall short of complete fixity of tenure, subject to a moderate rent-charge periodically fixed by the State, have from various causes, often accidental, degenerated into a rack-rented tenancy-at-will, the necessary evils of which are enhanced by illegalities which the authorities have been either unable or unwilling to prevent.

Landlords and Tenants. p. 21 and ch. V.

The tillage of the country, though often ingenious, is rude and imperfect, and the agricultural outcome is greatly below what scientific culture—guided by knowledge and aided by the necessary capital—could undoubtedly secure. The Indian average, 11 bushels per acre, is 17 bushels below that of England, and is in fact that to which in England the soil can be reduced by continuous cropping and neglect of manure. In India for all but special crops the neglect of manure is universal; the fields around the village get some benefit, but cattle-dung is universally used for fuel, and the destruction of timber, and the universal absence of village or communal wood-lands necessitates the practice. Cattle are never stall-fed, nor are forage crops grown.

Agriculture. p. 18.

With the exception of agriculture no industrial

enterprise, on any important scale, exists. All but a fraction of the exports are raw produce; all the imports manufactured; the mineral resources of the country are scarcely touched; no manufacturing industry, except cotton and jute, has as yet succeeded in getting an established footing. The handicrafts for which India was famous, and for which the people have a natural aptitude, have in some instances been ruined by English competition, and in general are not progressing in importance or excellence; on the other hand, the introduction of means of cheap and rapid communication, though very partial, has been attended by a development of foreign trade more remarkable even than that which has been experienced during the last fifty years in England.

Absence of manufactures. p. 41.

The balance-sheets of revenue and expenditure, excluding that on Productive Public Works, show that from the close of the mutiny up to the end of 1878-79, there was a net surplus, for the seventeen years, of more than a million sterling, or, excluding expenditure on famine relief, and the loss by exchange, of 26 millions.

Financial position up to close of 1878-79.

p. 101.

The publication of the Financial Resolution for 1881-82, which has taken place while the present volume was in the press, enables me to complete the table of revenue and expenditure, and to bring

Financial position, 1879-80 to 1881-82.

it down to the close of the financial year, which will end on 31st March 1882. For the sake of distinctness, I exclude from it, on the one hand, all outgoings and incomings connected with the Afghan War, and, on the other, the English contribution of 5 millions; and, as in the table at page 101, all capital expenditure on Productive Public Works.

STATEMENT showing Gross Revenue and Expenditure of India for 1878-79, 1879-80, 1880-81, and 1881-82, excluding capital Expenditure on Productive Public Works, and Expenditure and Receipts in connection with the Afghan War and Frontier Railways, and the English contribution. The annual loss by Exchange is shown in the last column.

(*Three 0's omitted.*)

	Revenue. £	Expenditure. £	Surplus. £	Net Loss by Exchange. £
1878-79 ...	65,199	62,607	2,592	2,884
1879-80 ...	68,121	63,180	4,941	2,926
1880-81 (R.E.)	68,231	62,835	5,396	2,557
1881-82 (B.E.)	69,418	65,467	3,951	3,063
	270,969	254,089	16,880	11,430

The figures for 1880-81 are the regular estimates framed a few weeks before the close of the account; those for 1881-82 are pure estimates. The only divergence from the published accounts, are that I have taken the net opium revenue for 1881-82, not at the conventional estimate of 6½ millions, but at 8 millions, the average of the last years, and about half a million less than the receipts of the present year; and I have treated as surplus, and not as expenditure,

the 1½ million provided in 1881-82 for "famine relief, protective works, or reduction of debt." The figures show that, apart from the Afghan War and frontier lines, the surplus of the four years, notwithstanding a loss of 11½ millions by Exchange, is estimated at 16¾ millions.

Productive Public Works. p. 137.

On productive works about 167 millions will by the close of 1881-82 have been expended. Notwithstanding that many parts of the scheme are incomplete, and all are new, net earnings of 5 per cent. are now realised. The net earnings of the railways are about 6¼ millions, and of canals about £1,192,000. These profits will unquestionably largely improve as the schemes mature.

The cost of the Afghan War, and the Frontier Military Lines, constructed with a view to its prosecution, is estimated as follows:—

(*Three* 0's *omitted.*)

	1878-79.	1879-80.	1880-81. Regular Estimate.	1881-82. Budget Estimate	Total.
Expenditure—	£	£	£	£	£
War	676	4,817	11,389	2,271	19,153
Frontier Railways . .	—	1,334	2,228	790	4,352
Punjab Northern Railway	—	337	585	98	1,020
Total Expenditure .	676	6,488	14,202	3,159	24,525
Receipts—					
War	—	50	291	61	402
Gain to Railways and Telegraphs . . .	119	313	246	2	680
English Contribution .	—	—	2,000	3,000	5,000
Total Receipts .	119	363	2,537	3,063	6,082
Net Charge to India	557	6,125	11,665	96	18,443

The net cost of war to India has, accordingly, during the four years been about 18½ millions; during the same period the surplus, apart from the war, has been about 16¾ millions, and the result on the finances of the country will, if the present estimates hold good, be that the surplus of the four years will suffice to defray the whole of India's share of the war, except 1¾ million sterling.

If this be in any degree a correct outline of the facts of the case, the first observation which suggests itself is the proverbial advisability of leaving well alone. What would people have in the way of administrative success that India, as at present administered, does not present? Public tranquillity and order? How many of the 240 millions, who now inhabit India, have ever heard a gun fired in earnest? Unbroken peace reigns, as it never reigned before—even in moments of exhaustion—from the Himalaya to Cape Comorin. Security of person and property? Crime is far less rife than in England, and women and children can, and habitually do, travel by night for hundreds of miles, by lonely roads, with no better protection than the general peaceableness of the community and the efficiency of the police. Increase of wealth? Are not proofs of it patent, cogent, irresistible? Foreign trade has increased at a rate unrivalled even by the astounding commercial growth of England; India is already the greatest customer of English produce,

General result of Indian administration.

p. 38.

consuming a fourth of her entire exports; and for every £100 which she thus spent in 1869, she spent £170 in 1880. What does this mean if not a vast rapid general increase of national wealth?

p. 137. State expenditure in the development of the country? Nearly 170 millions have been laid out in engineering projects, and with such signal success that the scheme, still incomplete, is already remunerative; 8 millions of

p. 36. acres have been secured from famine, and have had their annual value at least trebled by canals, and 9,000 miles of railway have brought opportunities of wealth within the reach of the remotest portions of the empire. Easy taxation? It is proved to demonstration that never has taxation been so light; the incidence

pp. 139-149. of land-revenue was never less; salt was never so cheap; all the present license tax and land-cesses together bring in about half the Income Tax, levied in 1860-61 on an infinitely poorer community. Financial economy? The history of the last ten years is one of continuous effort, resulting in highly successful measures of retrenchment, and in a great measure

p. 102. of financial decentralization, by which, while the Imperial treasury has been relieved, the Provincial Governments have been stimulated to economy, of which already they are beginning to reap the fruits. In fact, whatever test we apply, the result appears to be that the present administration, though doubtless suscep-

tible of improvement, is substantially successful in all the great ends of government; that it is carrying forward a great and beneficial work at a satisfactory rate, and that there is nothing whatever in its condition to justify the suggestion of heroic remedies or fundamental reforms.

No reason for fundamental changes.

When, therefore, popular writers assure us that India is "bankrupt," that her inhabitants are poverty-stricken and oppressed, and that she is "bleeding to death" under the mismanagement of her present rulers, when quasi-official critics recommend us to suppress the Viceroy, to break up India into independent provinces, to abolish the Public Works Department, to replace the present civilians by regimental officers, to revolutionize our revenue system in one direction, and our legal system in another—in fact, to abandon all that the long, patiently and painfully acquired experience of a century has bequeathed to us, the first duty of those who are personally acquainted with the facts, is to protest against the assumption of failure in which alone such sweeping measures of change could find justification, and against the abandonment of the methods by which such excellent results have been achieved, in favour of suggestions which fall little short of being revolutionary, which fly in the face of all practical experience, and are not sanctioned by a single practical authority. India is doing excellently well, if well-meaning but partially

informed critics will but let her alone; but the complaint which Sir T. Munro once urged against Indian administrators, may in our day, with more justice, be brought against their critics in England. "One great error," he says, "in this country during a long course of years, has been too much precipitation in attempting to better the condition of the people, with hardly any knowledge of the means by which it was to be accomplished, and indeed without seeming to think that any other means than good intentions were necessary."

The first recommendation accordingly, which the facts just summarised appear to justify, is a judicious adherence to a policy which has established such strong claims to our confidence. We ought to develop those parts of it whose success has been especially conspicuous—such as, for instance, the scheme of Productive Public Works—to postpone not a year longer than necessary the execution of projects which will immediately add to the well-being of millions, and will ultimately enrich the State; and to refuse stedfastly to be diverted from the prescribed course of action either by the clamour of ignorant critics or the dictation of influential cliques. We ought also to await with confidence, courage, and hopefulness the maturing of results, which it needed the eye of faith in our predecessors to discern, but which, at present, scepticism itself can hardly fail to recognise as on the eve of accomplishment.

Summary of proposed reforms.

The assumption that this is the generally correct view of the Indian Government does not, of course, obviate the necessity of diligent effort to improve those parts of its mechanism which experience has shown to be obsolete, inadequate, or inefficacious. Among such reforms the following may be noticed as especially deserving of consideration.

Abolition of distinction between Governorships and other Provinces. pp. 80-84.

1. The distinctions which now exist between the Governments of Madras and Bombay and those of the other main divisions of the Empire should be abolished, Bengal being placed, at least, on an equality: the unmanageable proportions of Bengal should be reduced by relieving it of Behar and Orissa: Orissa should be formed, with accretions from the Central Provinces, into a new Province: Behar should be added to the North-Western Provinces; which should be divided into the Provinces of Lucknow and Allahabad: the present Central Provinces should be absorbed by their neighbours: the object of all these changes would be to expedite the transaction of business between the Government of India and the subordinate administrations, to avoid friction, to ensure the necessary control, and to put an end to the absurd provincial *esprit-de-corps* and mutual jealousies, which are now a frequent cause of administrative difficulty.

Territorial redistribution. pp. 78-79.

2. Among minor administrative reforms are, the reduction of oversized districts in Madras, and wherever else the area of any district is such as makes its effectual control from a single executive centre impossible.

Minor administrative reforms.

Reduction of oversized districts. p. 94.

In the same Presidency the Government of India has decided that the present Revenue Board might, with advantage to the service, be replaced by Commissioners, each, as in other parts of India, entrusted with the local supervision of a group of collectorates. Experience has proved that everywhere, and certainly not least in Madras, the intervention of a Board of Revenue between the Government and its executive officers is an inconvenient lengthening of the official chain, and that in times of emergency—such, for instance, as famine—it presents a serious impediment to prompt action.

Substitution of Commissioners for Madras Board of Revenue. p. 94.

3. In the Civil Service a high standard of discipline and efficiency should be more strictly maintained; the principle of promotion by merit should be more strictly enforced, especially in the case of collectors and judges, to whom the executive and judicial supervision of an entire district is entrusted. Provision should be made for the removal, with the least possible scandal or hardship, of incompetent members of the service, and for the more general admission of native officials to such posts as they are qualified to fill.

Maintenance of high standard of discipline and efficiency. p. 90.

4. A Department should be created whose essential function it should be to collect and formulate agricultural statistics, to promote agricultural and other industrial enterprise, and especially to regulate the advances of loans for purposes of land improvement. One of the incidental duties of this department would be the systematic observation of famines, and of the phenomena which precede them, and the guidance of the executive in the administration of famine relief. In normal seasons it would be busied with the machinery of securing correct reports of the condition of the country, with stimulating local improvements, with trying experiments, introducing new staples and implements, and in supervising the centres of technical education and experimental farms, which, it is hoped, will hereafter be started in every Province.

Creation of a Department of Agriculture, Industry, and Statistics. p. 88.

Experimental farms. p. 244.

5. A class of officers with high scientific attainments, especially in subjects connected with industrial enterprise, and, above all, agriculture, should be introduced into the Civil Service. They would fulfil the duties of the Agricultural Department, and would be able both to carry out such observations and experiments as are considered desirable, and to superintend the arrangements for technical education in agriculture or other branches of industry. The examination of candidates for the Civil Service should be modified with a view to

Introduction of Scientific experts into the Civil Service. p. 92.

encouraging generally among its members proficiency in such branches of scientific knowledge as will enable them to contribute towards the same results.

Development of the material resources of the country to be recognised as a duty by the Government. p. 236.

6. The rulers of the country should more fully recognize the view that the development of its material resources is a task which the special circumstances of India, and of its connection with England, render it necessary for the Government to take into its own hands, and carry out by its own machinery. They should devote to it unhesitatingly such a share of the public expenditure as, with a view to the comparative importance of other interests concerned, is considered possible; the Government itself embarking in projects and acting as pioneer where the experiment is too difficult and costly for private enterprise, and retiring as soon as success is established — railways and irrigation, however, should be kept in the hands of the State, both as too important future sources of revenue to be given up, and as too intimately connected with the interests of the people to be allowed to pass out of official management.

Devotion of public funds to scientific investigation and experiment. p. 246.

7. A liberal allotment of public money should be devoted to (1) scientific investigation of the resources of the country, systematically and continuously carried out on a scale proportionate to the magnitude of the interests concerned; (2) to

technical education in the most promising branches of industry; (3) to experiments in industrial enterprise, too costly or hazardous for individual effort; (4) to any official arrangements necessary for facilitating intercourse between the manufacturing and commercial classes of India and those of other countries. One of these would be the creation throughout India of local committees, or Chambers of Commerce, who would be in a position to negotiate with persons in Europe wishing to purchase Indian products.

Forest Conservation.

8. Prominent among such measures of development would be a stricter system of forest conservation. Although some progress has been made of late years in this direction, this magnificent source of national wealth is to a large extent neglected; millions of young trees are every year burnt, millions more are destroyed by cattle-grazing and by wasteful and barbarous methods of culture practised by aboriginal tribes. In Madras the evil is especially conspicuous, and the injury, in some instances, already irreparable. Not only should existing forests be preserved, but village and communal woodlands should be formed, and scientifically managed on behalf of the towns and villages to which they belong.

Village and communal woodlands.

Productive Public Works scheme.

9. The Productive Public Works scheme should be more actively prosecuted, with due recognition of the following facts; viz. (*a*) That, as far as it has gone, it has

more than realised the original programme of its founders, and that the net profits already more than cover the interest on the 162 millions embarked, while the benefit to the people is incalculably great, the crops saved by a canal sometimes equalling in a single year more than the whole previous outlay in capital and interest upon it.

p. 133.

(*b*) That, owing to the increased earnings of railways and canals, the combined net charge on the revenues of India (1) for interest on debt, (2) interest and other charges connected with Guaranteed Railways, and (3) maintenance and working of State Railways and Canals, has diminished during the last twelve years by more than 3½ millions.

Parliamentary Return July 1, 1880. See also Maj.E.Baring's minute, 19th Feb., Candahar Papers, No. 3.

(*c*) That the present total net interest charge, even including all the expenditure on Productive Public Works, is less now than it was ten years ago, and that opportunities will occur in the course of the next seven years of still further lowering the rates of the 69 millions of English debt.

pp. 122 and 137.

(*d*) That capital can be had to an extent far beyond any probable requirements at 4 per cent. in India, and little more than 3 per cent. in England.

(*e*) That there are still many parts of the country where canals are possible, and which, from their absence, are exposed to the risk of drought,

entailing heavy outlay on the State and great suffering on the people; and that at least 10,000 miles more of railway lines are required in order to place the country beyond the risk of prohibitive prices or actual absence of food in times of dearth.

(*f*) That the capital, expenditure and interest debt on great engineering works are largely increased by delay in their execution, and, above all, by changes of policy as to the rate of expenditure.

(*g*) That the expenditure on Productive Public Works is now reduced to 2½ millions per annum, in addition to which such portion of £750,000, the moiety of the Famine Insurance Fund, as is not expended in famine relief, may be devoted in each year to the construction of "Protective Works," that is, projects which, though not certain to be remunerative in the sense of paying interest on capital from the outset, are yet calculated to protect the country from famine. In no year, accordingly, will more than 3¼ millions be laid out, and in famine years only 2½ millions, the construction of Protective Works being confined to years in which there is no famine expenditure. This is an expenditure far short of what has been going on for some years past, and is far below what the Government of India has on various occasions recommended. In the present year, for instance, 1¾ millions are to be spent on railways and three-quarters of

F.S., 25 March 1881.

F.S., 25 March 1881, §. 81.

a million on canals. Now if, as the Famine Commissioners report, 10,000 additional miles of railway, at least, are necessary to protect the country from drought, and if the cost of these will be 60 millions sterling, the result will be that this indispensable safeguard will not be afforded for more than thirty years, in the course of which two serious famines may be expected, with all their attendant horrors, should the afflicted area be unprovided with railways. Nothing can be more certain than that the delay in the completion of Indian railways must, in the event of a contingency which may be regarded as certain, expose thousands to needless suffering and risk of life.

R. 171.

10. The Government of India has on more occasions than one suggested that a portion of the famine surplus of 1½ million might be legitimately employed in defraying the interest of capital outlay on works which, though not certainly remunerative, would be of use in curtailing the effects of famine. Supposing, for instance, that the sum of a quarter of a million were devoted to this purpose and that 6 millions were borrowed; there would, supposing the works to prove absolutely unproductive (which, of course, they would not), be an interest debt of £240,000 per annum; as the works gradually begin to earn net profits, and thus to provide funds for discharging the annual interest, fresh capital might be borrowed; we

Protective Works.

might thus hope ultimately to get a sum of 12 or perhaps even 20 millions invested in works of a useful character, the only limitation being that in no year should more than £250,000 be payable in respect of interest. Now the whole outlay on Irrigation works hitherto has been about 23 millions, and we should by this proposed scheme be enabled possibly to double the amount of irrigation without adding more than a quarter of a million per annum to the annual expenditure of the Government.

This proposal was discussed by the Public Works Committee of 1879, and was vetoed by them; and the same view has been taken by the Secretary of State, the ultimate decision being that half of the Famine Insurance Fund must be in ordinary years devoted to the extinction of debt, while the other moiety, if not employed in famine relief, may be laid out in unremunerative but "protective" works.

Despatch of Secretary of State, 20 February 1879, & F. S. 25 Mar. 1881, §68.

This decision is not, it may be hoped, final. It would be impossible to regard without regret and apprehension the definite rejection of a scheme, the result of which would certainly be, at a comparatively small outlay, to add enormously to the resources of the country, the well-being of the people, and their immunity from famine. Famine relief has, during the last twelve years, cost us about 1½ million per annum, and as this period is certainly the worst, as regards famines, that

historical India has known, we may reasonably hope that the average expenditure on famine relief will be considerably less. At any rate 1½ million is a liberal allowance, and it is difficult to see how out of this a quarter of a million could be more profitably employed in the curtailment of future famine, than in defraying the interest of capital devoted to rescuing large portions of the country from its effects.

Indeed, leaving aside the famine reserve, it may well be contended that the Government of India, with a normal surplus of 4½ millions and further sources of taxation available, cannot employ a small portion of that surplus better than in defraying the interest on capital expended on Public Works, the effect of which would be so enormously to enhance the general well-being of the country, to save the people from the horrors of famine, and the revenues from the heavy drain of expenditure on famine relief. If this view be correct, it would follow that in addition to the existing scheme of "Productive Public Works" there should be started a scheme of "Protective Works;" that the rule as to this should be that the interest debt should always be kept within a quarter of a million, fresh capital being borrowed as the works gradually begin to pay; that into this scheme should be admitted only such works as would conduce to the protection of the country from the effects of drought; the admission of each work to the category depending on a

p. 301.

consideration of the danger to be averted and the general advantage to be gained, as compared with the necessary outlay. We might thus hope to provide means of safety for large classes of population, who must otherwise be left indefinitely beyond the area of protection.

11. Well-irrigation should be developed on a large and systematic scale, corresponding to that on which canal-irrigation has been carried forward, the same amount of skill, capital, and official attention being directed to it in those parts of the country where canals are impossible and facilities for well-construction exist.

Well-irrigation. p. 241.

Nothing in this direction has as yet been done in any part of India except in the North-Western Provinces, where Sir George Couper has started an interesting series of experiments with a view to deciding in what parts of the country and under what conditions State assistance in well-sinking can best be given. This enlightened and admirable project has not received half the attention which it deserves. There are millions of acres which might be protected from famine, and whose productiveness might be enormously increased by wells, if only the requisite capital, energy, and skill were devoted to the subject. This is one great reform which an agricultural department would promote by advances for land improvement, or, where it seemed desirable, by doing the work itself. As the outlay would in each case be

defrayed by a sinking fund charged on the land, no additional State expenditure would be involved and no risk would be run, and the more millions Government could thus invest the better for the country.

12. The following financial reforms are of great importance. (*a*) Silver should be rehabilitated by international or other arrangements. The possibility of such arrangements cannot be discussed here; but it is important to remember that, supposing the relative value of gold to silver to be restored to the ratio maintained by France and the Latin Union previous to 1874, viz. 15½ of silver to one of gold,—in other words, the rupee to become again worth 1*s.* 10⅜*d*, the annual saving to the Government of India on its net remittances to England would be 20½ millions of rupees. The annual loss, consequently, occasioned by the disturbance of the previously existing equilibrium between gold and silver may be taken at something over £2,000,000.

Financial Reforms.

(*a*) Rehabilitation of silver.

F. S. March 25, 1881.

(*b*) The system of provincial responsibility in finance, introduced by Lord Mayo on the recommendation of General Strachey, and subsequently so largely developed by Sir John Strachey, should be steadily adhered to, the object in view being uniformly to leave, as far as possible, all provincial sources of revenue to the local governments, and to

p. 103.

Development of provincial responsibility.

hold them responsible for all provincial expenditure, the Supreme Government exercising merely general supervision, and directly interfering only with such branches of revenue and expenditure as are in their nature imperial, or cannot for some reason or other be conveniently dealt with except from a single centre. The good results of this reform have exceeded all expectation, and justify the belief that still further advantage will accrue from its more complete development.

(*c*) Strenuous endeavours should be made to reduce military expenditure; reductions to the amount of 1½ million sterling have been reported by the Army Commission to be compatible, under improved arrangements, with increased efficiency; the £1,970,000 entered in the Home Charges for "effective" and the £1,936,000 entered under "non-effective" military services to be especially scrutinised.

Reduction of military expenditure.

(*d*) The fact that the richest classes pay least, and that some very rich classes—as, for instance, owners of funded property—pay nothing for the peace under which their wealth accumulates, and the costly arrangements by which they are protected in its enjoyment, should be recognised. Great opposition is always raised to any scheme of direct taxation in India, and the classes who are interested in opposing it are precisely those who can most effectually make themselves heard; Indian Governments are consequently always tempted to abandon

Taxation of rich classes now untaxed.

it. None the less is it true that so long as there is no income tax a practical injustice is inflicted on the poorer classes of tax-payers, and the opinion of an administrator as cautious as Lord Lawrence was in favour of doing away with that injustice. "He believed," it has been officially recorded, "that there are some classes of the community which have borne no proper share of the public burthens, although no classes are better able than they to bear their share, that it is by direct taxation alone that they can be reached, and that with reasonably good administration, which it is certainly within our power to secure, there is no necessity whatever for any gross abuses in the assessment or collection of taxes of this kind." Direct taxation, in the shape of land revenue and cesses, not to speak of the hundred personal imposts which the English rule has swept away, is perfectly familiar to the people of India, and cannot, without injustice to the poor and favouritism to the rich, be abandoned. It should, therefore, be courageously enforced. The license tax should in any case be extended to the official and professional classes, in which case the £240,000 per annum, which would result from its extension, would supply the interest on the 6 millions of expenditure on Protective Works, for want of which the existence of great classes is now embittered by chronic poverty, and exposed to terrible vicissitudes. As regards Bengal it has further to be remembered that from the uninten-

tional results of the Permanent Settlement the ryots of that province pay their landlords an annual rental, which an official expert has computed at 8¼ millions sterling in excess of that which the authors of that measure intended them to pay, an increment which, taken at twenty years' purchase, represents a sum of 165 millions sterling taken out of the pockets of the poor and put into the pockets of the rich.

p. 167.

13. The relations of landlords and tenants in several parts of India, notably in Behar, the Zemindari portions of Madras, and, in a less degree, the North-Western Provinces, Oudh and the Punjab, should be carefully considered, our policy being influenced by the following points:—

Landlords and tenants. p. 186 & ch. V.

(*a*) That the system which the British Government, a century ago, found everywhere in force, was one under which the occupant of the soil enjoyed practical fixity of tenure, subject only to enhancement of the rental at intervals prescribed and sanctioned by the State.

p. 175.

(*b*) That this system the Permanent Settlement was intended to preserve, if indeed the intention was not (as many good authorities believe) finally to abolish all future enhancement of rent.

p. 178.

(*c*) That the well-being of the ryots was one of the avowed objects of the Permanent Settlement, and that its terms distinctly reserve to Government the power of inter-

p. 178.

vention whenever the interests of the ryots call for it.

(*d*) That the increase of the value of property in Bengal has been such that the revenue, which was originally fixed at nine-tenths of the gross rental, is now much less than a third of the admitted rental.

p. 167.

(*e*) That the improvements in irrigation and means of communication, which have so largely enhanced the value of landed property, have been carried out by the State at the expense of the general public, the interest being defrayed out of the general exchequer, towards which the landlords contribute less, proportionately, than any other class.

(*f*) That the condition of the tenants-at-will is, in Behar especially, reported to be depressed, and such as to necessitate interference on the part of Government; particularly because illegalities in which the executive has more or less acquiesced have contributed to a great part of that depression; and because, the same causes being progressively at work, the depression of the tenantry is likely to increase with the growth of population.

pp. 186 & 189.

(*g*) That as property increases in value, the efforts of the landlords to destroy occupancy rights are likely to be more systematic, determined and successful; and that a marked tendency in this direction has already shown itself in several Provinces.

p. 189.

(*h*) That, on the other hand, anything like bad faith on the part of Government, or confiscation of existing rights, must be sedulously avoided; and a state of things which Government has recognised for a century must not be summarily disturbed, however justifiable and necessary disturbance may be, without due regard to the interests that have meanwhile grown up.

p. 193.

(*i*) That, subject to any adjustment which the above considerations may justify, relief must be sought in legislative measures having for their object the recognition of the claim of the actual occupants of the soil to security of tenure, a moderate rental, and full enjoyment of self-effected improvements; while the pressure of numbers may be lessened, and thus the position of the tenantry towards the landlords improved, by the diversion of parts of the agricultural population to other pursuits, and by emigration to those parts of the country which are still unreclaimed.

Such, I believe, are the principal reforms, which the experience of many wise, able, and thoughtful men—practically versed in the affairs of India, and profoundly interested in her prosperity—would suggest as best worthy of the attention of those who share with them in the belief that its government is a sacred trust, to the performance of which the English nation

Conclusion.

is bound to devote, not merely administrative zeal and military valour, but the still more precious gifts of calm and far-seeing statesmanship. The countrymen of Burke can never be indifferent to the interests, responsibilities, and duties to which, under the spell of his eloquence, the national conscience awoke. The lesson which his genius impressed upon his contemporaries has still more deeply coloured the feelings and aims of a later generation. The cries of India are no longer, as he complained, "given to seas and winds to be blown about, in every breaking up of the monsoon, over a remote and unhearing ocean." They fall upon nervously attentive ears, and stir a quick susceptibility, whose very promptness is sometimes unfavourable to the patient inquiry and calm discussion from which alone wise action and effectual remedies can be hoped. In such a phase of national sentiment he, perhaps, performs a useful task—it has been the aim, at any rate, of the preceding pages—who presents in a compendious form, in a "dry light," and with every facility for verification, the main outlines of some of the great problems which, as the rulers of India, we are called to solve. That these problems are being solved in a manner of which no Englishman has any reason to be ashamed is the belief which some years of close observation and study have left on my own mind, and to which I would gladly convert those of my countrymen who, as I believe, are impeding the progress of a great and

beneficent enterprise—the outcome of much genius, devotion, and ability—by untrue statements, undeserved abuse, and ignorant criticism. Some failures and disappointments, no doubt, there have been: such are the conditions of all human effort. Difficulties and dangers, of course, there are and must be—the government of a great alien empire entails them; but they are dangers and difficulties which a great nation—not uninured to trouble—may await with courage and composure so long as, in the meanwhile, she finds in the ever-increasing prosperity of her subjects the best proofs of administrative success, and the most effectual protection against future disaster.

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